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Ref:
58038-0043

February 12, 2007

VIA OVERNIGHT DELIVERY

Kim Muratore
Case Developer (SFD-7-B)
United States Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, CA 94105

Re: Our client: CalMat Co. dba Vulcan Materials Company, Western Division
("CalMat")
CERCLA § 104(e) Information Request

Dear Ms. Muratore:

Our office represents CalMat. Please find enclosed the Appendix of supporting materials to CalMat's responses to supplemental questions 1-13 and additional responses to previous questions 8, 15, 20, and 25 submitted on February 9, 2007.

Please contact our office with questions or comments.

Very truly yours,



KENNETH A. EHRLICH,
a Professional Corporation of
Jeffer, Mangels, Butler & Marmaro LLP

KAE:pfl

SUPPLEMENTAL QUESTIONS

1. Provide the name and mailing address of the Company's parent entity referenced in the Company's 104(e) response dated May 18, 2006.

Response:

Vulcan Materials Company
1200 Urban Center Drive
Birmingham, AL 35242

See attached Exhibit 121.

2. In the Company's 104(e) response dated May 18, 2006, California Materials Company is shown as a former owner of the properties at 9361 Glenoaks Blvd. and 9228 Tujunga Avenue. Describe the corporate affiliation, if any, between CalMat Co. and California Materials Company. Provide copies of all documents evidencing such affiliation(s), including, but not limited to, merger agreements, asset or stock purchase agreements, joint venture agreements and fictitious business name filings.

Response:

There are at least 2 separate corporations listed with the California Secretary of State as using, at different times, the name "California Materials Company," Corporation Nos. C0671493 and C0171169.

Corporation No. C0671493 was incorporated on December 29, 1972 and dissolved in 1999. This corporation was a subsidiary of Conrock Co./CalMat Co.

Corporation No. C0171169 was incorporated in 1937, changed its name to Bancroft Associates in 1961, and was dissolved in 1962, according to the Secretary of State's records.

A Certificate of Ownership and Merger (Exhibit 123) indicates merger between "California Materials Company," a wholly owned subsidiary, and Conrock Co., dated December 20, 1972, and was filed with the Secretary of State on December 29, 1972.

3. The Company's May 18, 2006 104(e) response also shows California Portland Cement Company as a former owner of the properties at 9361 Glenoaks Blvd. and 9228 Tujunga Avenue. The Corporation Grant Deed recorded December 23, 1987 shows California Portland Cement Company as a wholly-owned subsidiary of the Company. Describe the current and historical corporate affiliation between CalMat Co. and California Portland Cement Company. Provide copies of all documents evidencing such affiliation(s), including, but not limited to, merger agreements, asset or stock purchase agreements, joint venture agreements and fictitious business name filings.

Response:

CalMat Co. acquired California Portland Cement Company (CPC) on June 27, 1984 and maintained CPC as a subsidiary until it sold CPC in 1990. See attached Exhibit 124.

4. The Corporation Grant Deed recorded December 23, 1987 shows California Portland Cement Company transferring to CalMat Land Co. four parcels of property. Identify the current locations of the parcels of property associated with APN 2408-036-001 and APN 2538-022-020, both by street address and on a map.

Response:

APN 2538-022-020 is not associated with a postal address. See attached Exhibit 2, including map.

According to available information from the Los Angeles County Assessor's office, there is no record of APN 2408-036-001. We believe this parcel reference refers to the property located at 8946 Bradley Avenue, Sun Valley, CA 91352. CalMat Co. sold this property in June 1995. See attached Exhibits 1-2.

5. Information obtained by EPA indicates that the Company owns and operates property associated with the CalMat Class III Disposal Site (also referred to as the CalMat Inert landfill) at 9436 Glenoaks Blvd. Sun Valley, California. If so, provide the dates the Company, its predecessors, subsidiaries and/or affiliates have owned or operated this landfill, and describe the types of operations conducted and types of waste accepted.

Response:

Historic Operations:

The Company believes that CPC had been the owner of three parcels of this property since approximately in the 1940s, until Conrock purchased it in 1979. See attached Exhibits 44-45. The company also believes that mining was conducted on the property until approximately 1983, when landfill use commenced in addition to the existing extraction operations. It is believed that extraction continued past 1991.

Waste Characteristics:

The CalMat inert waste landfill receives uncontaminated soils, rock, brick, clay tile, concrete block, concrete, and asphalt. No liquid wastes are received at the site (Zeller, personal communication, 2007).

6. Information obtained by the EPA indicates that the Company may have formerly owned and/or operated property associated with the Penrose Dump/Penrose Landfill (also referred to as the Penrose Pit or the Penrose Sanitary Landfill) located at approximately 8145-8300 Tujunga Avenue., Sun Valley, California. If so provide the dates the Company, its predecessors, subsidiaries and/or affiliates owned or operated this landfill,

identify the parcels of property at which this landfill operated, the acreage of the landfill, and describe the types of operations conducted and types of waste accepted.

Response:

Conrock Co. owned the 70.69 acre property, identified as APN 2311-002-001 and 2311-002-002, until 1974. See attached Exhibits 81-82, 84. In or about March 1974, Conrock Co. sold 24 acres of the property to Los Angeles By-Product Co. for landfill use. See attached Exhibits 82-83.

During the Company's ownership of the property, it was largely operated by Blue Diamond Co. for mining and excavating and by Los Angeles By-Products, Co., for landfill use. Conrock terminated its lease with Blue Diamond Co. in 1967, and had been leasing portions of the site to Los Angeles By-Products Co. at least since 1972. See attached Exhibit 83.

We believe that inert construction debris was accepted at this site.

7. Information obtained by EPA indicates that the Company also may have formerly owned and/or operated property associated with the (a) the Branford Landfill located at or near 12456 Branford Street, Sun Valley, California, and (b) the Louis Visco landfill located at or near 9050 and 9116 Bradley Ave. Sun Valley, California. If so, provide the dates the Company, its predecessors, subsidiaries and/or affiliates owned or operated the landfills referenced above, identify the parcels of property at which each landfill operated, the acreage of each landfill, and describe the types of operations conducted and types of waste accepted at each landfill.

Response:

(a) Branford Landfill, 12456 Branford Street, Sun Valley, California

Historical Operations and Ownership Information:

The Company never used the 12.53 acre property, identified as APN 2629-001-001, for landfill purposes. The Company's records indicate that a portion of the 12.53 acres was used by several independent parties, including Byers Tree Firewood Service. See attached Exhibits 9, 10. In 1999, this 12.53 acre site was sold to Sunquest Development, LLC, an unaffiliated company. See attached Exhibits 12-15.

Prior to the 1940's, the Company used property adjacent to the 12.53 acres for mining operations. In the 1940's, the City of Los Angeles (City) acquired title to this site for landfill use to an unknown time period (Personal communication, George Crosby, 2007; See also Exhibit 15). Following the City's use, the City attempted to convey the site back to the Company. The Company disclaimed and challenged the conveyance and never reacquired title to same. See attached Exhibit 11. The Company believes that the City sold some or all of the property adjacent to the 12.53 acres to Sunquest in 2001.

Waste Characteristics:

The Company has no information regarding the types of waste accepted at this site.

(b) Louis Visco Landfill, 8960 Bradley Ave., Sun Valley, California

Historical Operations and Ownership Information:

Prior to CalMat ownership, it is believed that the approximate 5.5 acre Louis Visco Landfill, identified as APN 2408-036-048, was operated by an unaffiliated company owned by Louis Visco. See attached Exhibits 6, 8. The property was also referred to as Bradley Landfill East (personal communication, George Cosby, 2007). CPC owned the property and, in 1956, it appears to have been leased to A-1 Auto Wrecking, Inc., for auto dismantling use. See attached Exhibit 3. It is unknown if the entire site was used for auto dismantling purposes from the 1950's to the 1990's. It is unclear as to how CalMat Co. acquired ownership of the property. In 1994, CalMat Co. leased the property to Crown Disposal Co., Inc. for storage use until 1998. See attached Exhibits 4-5. In 1995, CalMat Co. sold a portion of the property (now known as the Lebata site) located at 8946 Bradley Avenue to an unrelated third-party.

A review of aerial photographs reveals much of the following information (see Exhibit 7):

1929 - No mining activities occurred at the site. The site is vacant and probably was used as open range land for cattle.

1937 - The site was used for sand and gravel mining.

1939 - Mining activities at the site appear to have ceased. Between 1939 and 1952, the open pit on the site remained open and appeared to be used as a silt pond for the aggregate processing plant located on the adjacent parcel to the northwest (Gregg Pit).

1952 - Backfilling of the open pit on the site began and continued through 1956.

1956 - The open pit on the site was completely filled and the site appeared vacant.

Waste Characteristics:

We believe that, during landfill use, the site accepted various non-hazardous solid wastes, such as rock, concrete, metal, and wood debris.

8. Environmental Data Resources (EDR) reports dated May 2006 and supplied by the Company in its 104(e) response suggest that the Company or its affiliated entities have owned and/or operated additional facilities in the San Fernando Valley/North Hollywood area. Provide a complete list of all facilities in the San Fernando Valley/North Hollywood area which have been owned and/or operated by the Company, its predecessors, subsidiaries and/or affiliates.

Response:

Other than the CalMat Inert landfill and Louis Visco Landfill described above, and the facilities at 7361 Laurel Canyon Blvd., 9361 Glenoaks Blvd., and 9228 Tujunga Avenue, the Company or its predecessors owned or operated the following facilities: Penrose Pit (APN 2311-002-001 and 2311-002-002), Tuxford Pit (APNS 2632-011-010, 2632-011-011, 2632-011-012), Sun Valley Plant, Bradley landfill, CalMat Pit (APN 2538-011-013, 2538-011-014, 2538-011-018, and 2538-011-019), Sheldon Pit, and Boulevard Pit.

9. In its 104(e) response, the Company identifies several individuals as current or former employees of Valley Reclamation Company, and includes correspondence from the California Waste Management Board to Valley Reclamation Company at CalMat Co.'s corporate address, 3200 San Fernando Road. Describe the corporate affiliation, if any, between CalMat Co. and Valley Reclamation Company and provide copies of all documents evidencing such affiliation(s), including, but not limited to, merger agreements, asset or stock purchase agreements, joint venture agreements and fictitious business name filings. If a corporate or other affiliation existed, state whether Valley Reclamation Company was the operator of any landfills or other facilities in San Fernando Valley/North Hollywood area, and identify the name, location and dates of operation of each such landfill or other facility.

Response:

The Company is unsure of the corporate history of Valley Reclamation Company (VRC) prior to approximately 1980. See attached Exhibits 85-88, 90. By 1980, it appears that VRC was a wholly owned subsidiary of Conrock Co. As a result of the 1984 transaction in which Conrock Co. changed its name to CalMat Co., VRC became a subsidiary of CalMat Co.

VRC leased and operated a portion of the Bradley Landfill site, located at 9227 Tujunga Ave., for landfill use. The Company is unsure when VRC began leasing and/or operating a landfill at the Bradley Landfill site. See attached Exhibits 89.

In June 22, 1979, Conrock Co. put the property in trust for City of Los Angeles. See attached Exhibit 90. It is unknown if this transaction altered operations at the site.

In December 1986, CalMat sold VRC to Waste Management, Inc. As part of this transaction, CalMat and VRC entered an Operating License Agreement for VRC to be the exclusive operator on the Bradley Landfill site. See attached Exhibit 96. Title to the property was conveyed to VRC from CalMat Co. on December 31, 1986. See attached Exhibits 97-100, 102-104. At or around this same time, CalMat Co. announced in it would sell all of its outstanding stock of VRC to Waste Management Inc., and VRC would purchase Parcels 1, 2, and 3 of the VRC landfill property from CalMat Co. See attached Exhibits 91-92, 97-100. Waste Management Inc. completed the acquisition of VRC in or about 1987. See attached Exhibits 93-95, 101.

10. The Company's 104(e) response provides documentation which shows that "Conrock" leased the property at 7361 Laurel Canyon Blvd. to Los Angeles By-Products Co., who operated it as a Class II landfill from 1962-1975. However, your response also states that

"Conrock" was the operator of this property as of April 1972. Please (a) state whether "Conrock" refers to Conrock Co., a former name of CalMat Co., and (b) explain the apparent discrepancy in which entities were operating at the property during the time period 1962 to 1975. Clearly explain whether CalMat Co. or any of its predecessors operated a landfill at this location and provide a timeline of the landfill's operators.

Response:

(a) "Conrock" refers to Conrock Co., a former name of CalMat Co.

(b) From 1962 to 1975, Conrock Co. owned the Laurel Canyon Blvd. Property and leased the site to Los Angeles By-Products, Co., a tenant. See attached Exhibits 49-52. The property operated under a 10-year Zone Variance granted to Consolidated Rock Products Co. for landfill use from 1962 to 1972. See attached Exhibit 52. Only non-hazardous solid waste and inert waste were accepted in the landfill; no liquid or hazardous wastes were accepted. It appears that the landfill was officially closed in 1975.

11. In the Company's 104(e) response, it states that automobiles first began to appear at the 9228 Tujunga Ave. facility in 1989 and provides a copy of a 1993 lease agreement showing Pick Your Part Auto Wrecking ("Pick Your Part") as the lessee at this property. Information supplied to EPA indicates that Pick Your Part began operating at 9228 Tujunga Avenue in approximately 1981. State whether Pick Your Part or any of its predecessors were operating at this property at the time the property was purchased by CalMat Land Co. in 1987. Identify all other operators of this property prior to 1993 and describe the types of operations conducted.

Response:

Pick Your Part Auto Wrecking was operating on the Tujunga Avenue property (Exhibit 43) in 1987.

California Portland Cement Company acquired the property in early 1960s. See attached Exhibits 106-107. CPC leased the property to tenant Sun Valley Pick Your Part Auto Wrecking for wrecked auto salvage, storage, and dismantling uses beginning in April 1979, and amended the lease in 1981 to enlarge the leased area. Subsequent Pick Your Part leases include July 1982 to March 31, 1983. See attached Exhibit 112.

Other suspected operators of this property prior to 1993 include A-1 Scrap, Inc. (Exhibits 109, 114, 116), Agop Berghoudian (Exhibit 114), Champion Auto Parts (Exhibit 115), Crossroads Chevrolet (Exhibit 115), John D. Gregg and Lucela C. Gregg (Exhibit 105), EZ Auto (Exhibit 115), M&N Auto Dismantlers (Exhibit 115), Paul Psik (Exhibits 111, 113, 114), Pick Your Part Auto Wrecking (Exhibit 112, 117), and Insurance Salvage Service (Exhibit 108, 110).

12. In the Company's 104(e) response, it states that beginning in 1965, automobiles were stored at the 9361 Glenoaks Blvd. facility, and that auto dismantling operations expanded through the 1970's until the property was almost completely filled with automobiles as of 1982 and remained so at least through 2002. Identify all operators at this facility from the

time period that the Gregg Pit/Bentz dump closed in 1966 until the Company sold this property in 1988.

Response:

The following suspected operators of this property (Exhibit 43) from 1966 to 1988 include:

A-1 Scrap Inc. (tenant; Exhibit 38), Aaron Auto Wrecking (tenant; Exhibits 38, 40), Arutyun Aladjian and Gevork Avakian (tenant; Exhibit 28), All Auto Parts, Inc. (tenant; Exhibits 24, 38), Gary Avakian and Avedis Berghoudian/Save-On Auto Parts and Salvage Inc. (tenant; Exhibits 31, 35), Cecil Cushen (tenant; Exhibit 40), Century Auto Salvage (tenant; Exhibit 38), Crossroads Chevrolet (tenant; Exhibit 38), Crown Disposal Co. (subtenant; Exhibit 33), Elite Auto Parts Company (tenant; Exhibit 34), EZ Auto Sales and Auto Parts (tenant; Exhibit 38), Hagop A. Hairabedian (subtenant; Exhibit 27), Insurance Salvage Service (tenant; Exhibits 18, 22, 23, 25), Pacific Coast Roof Corporation (tenant; Exhibits 16, 38, 39), Nick Pavitch (tenant/subtenant; Exhibits 26, 27, 33), Pick Your Part Auto Wrecking (tenant; Exhibits 36, 37), Sam's Auto Salvage and Auto Wrecking (tenant; Exhibit 32), Martin Sklar/Sun Valley Wrecking (tenant; Exhibits 17, 19, 21, 26, 29, 38), and Sun Valley Auto Parts (tenant; Exhibit 20).

13. To the best of the Company's knowledge, identify all former operators of the landfill commonly referred to as the Gregg Pit/Bentz Dump, including the last known contact information and status of each operator.

Response:

The Company understands that the Gregg Pit/Bentz Dump encompassed the Glenoaks facility at 9361 Glenoaks Blvd. The Company is unsure if the 9268 Tujunga Blvd. facility also comprised the Gregg Pit/Bentz Dump.

The Company believes that John D. Gregg and Lucela C. Gregg (owners prior to 1949; Exhibit 105) operated a landfill at the Gregg Pit/Bentz Dump. The Company has been unable to determine if others also operated this site as a landfill.

ADDITIONAL RESPONSES TO PREVIOUS QUESTIONS

8. For each business structure under which the Company has existed or operated at each of the facilities at 7361 Laurel Canyon Blvd., North Hollywood, California (the "Laurel Canyon Facility"), 9361 Glenoaks Blvd., Sun Valley, California (the "Glenoaks Blvd. Facility") and 9228 Tujunga Avenue, Sun Valley, California (the "Tujunga Avenue Facility"), collectively referred to as "the Facilities," since 1929, provide the corresponding dates that the Company existed or operated under that business structure, the name(s) it used, and the addresses at which it operated or was otherwise located.

Response:

FACILITY	COMPANY ENTITY	DATES OF EXISTENCE/ OPERATION AT FACILITY	ADDRESS OF FACILITY
Laurel Canyon Facility ("Hewitt")	Consumers Rock and Gravel Co., a wholly owned subsidiary of Consolidated Rock Products, Co., purchased the property in 1929. See attached Exhibits 46-48. Consolidated Rock Products, Co. was renamed Conrock Co. in 1972, and Conrock Co. was renamed CalMat Co. in 1984. See attached Exhibit 122.	Company ownership of property from approximately 1929 to present, with operations conducted by tenants.	7361 Laurel Canyon Blvd.
Glenoaks Facility	CalMat purchased the property in December 1987 and sold it in September 1988. See Exhibits 125, 38.	CalMat purchased the property in December 1987, with operations conducted by tenants, and sold the property to Pick Your Part Auto Wrecking in September 1988.	9361 Glenoaks Blvd.
Tujunga Facility	CalMat acquired the property in December 1987 and sold the property in 2001. See Exhibits 125, 118-120.	CalMat acquired the property in December 1987 and sold to Pick Your Part Auto Wrecking in December 2001.	9228 Tujunga Avenue
Bradley Landfill	Conrock Co. leased the property to VRC	Conrock owned the property	9227 Tujunga Ave.

FACILITY	COMPANY ENTITY	DATES OF EXISTENCE/ OPERATION AT FACILITY	ADDRESS OF FACILITY
	in or about 1972. See Exhibit 89. In or about 1983, the Company acquired an adjacent approximately 60 acres from Livingston-Graham Co. that also became part of the Bradley Landfill. In December 1986, CalMat Co. sold the property to VRC, which was concurrently acquired by Waste Management in 1986. See Exhibits 94-95, 97-104.	prior to 1972 beginning at an unknown date, with operations conducted by its subsidiary tenant, and sold the property in 1986.	

In the Company's 104(e) response dated May 18, 2006, the Company indicates that Consumers Rock and Gravel Company is a predecessor in interest to CalMat Co. The response also shows that a company called Consumers Rock & Gravel Co. is a former owner of the property at 7361 Laurel Canyon Blvd. State whether these refer to the same company and describe the corporate affiliation between CalMat Co. and Consumer Rock & Gravel Co. Provide copies of all documents evidencing such affiliation(s), including, but not limited to, merger agreements, asset or stock purchase agreements, joint venture agreements and fictitious business name filings. In addition, indicate the business structure(s) of Consumer Rock and Gravel Company (and/or Consumers Rock & Gravel Co.) from its formation to the present, and the dates the company operated under each business structure.

Response:

Consumer Rock and Gravel Company and Consumer Rock and Gravel Co. are the same entity.

Consumers Rock & Gravel Company, Inc. was a wholly owned subsidiary of Consolidated Rock Products Co. In April 1972, Consolidated Rock Products Co. was

renamed Conrock Co. See attached Exhibit 122. Conrock Co. changed its business name to CalMat Co. in 1984. See attached Exhibit 122.

15. For any period of time in which the Company, under any of its current or former business structures, owned any of the Facilities, provide the names, addresses and phone numbers of any tenants or lessees. Provide a copy of each lease, rental agreement, or any other document that establishes the Company's relationship to any other operators at the \ Facilities.

Response:

FACILITY	SUSPECTED TENANT NAME	LAST KNOWN TENANT CONTACT INFORMATION
Laurel Canyon Facility ("Hewitt")	Absolute Towing (Exhibit 73)	Unknown
	Allstate Insurance Company (Exhibits 70, 71)	Unknown
	Desmond Studio Production Services (Exhibits 56, 61, 62, 65, 67-69, 74)	Unknown
	Don Pomerantz (Exhibit 63)	Unknown
	Insurance Auto Auctions (Exhibits 66, 72)	Unknown
	L.A. Auto Salvage, Inc. (Exhibits 58, 59, 60, 64)	Unknown
	Laurel Canyon Holdings (Exhibits 75-79)	Unknown
	Livingston-Graham, Inc (Exhibit 53)	Unknown
	Los Angeles By-Products, Co. (Exhibits 49-52)	Unknown
	J.S.J. Equipment Rentals (Exhibit 54)	Unknown
	Rent-a-Piece, Inc. (Exhibit 57)	Unknown

FACILITY	SUSPECTED TENANT NAME	LAST KNOWN TENANT CONTACT INFORMATION
	United Road Services (Exhibit 73)	Unknown
	Wimsatt Concrete Inc. (Exhibit 55)	Unknown
Glenoaks Facility	A-1 Scrap, Inc. (Exhibit 38)	Unknown
	EZ Auto Sales and Auto Parts (Exhibit 38)	Unknown
	Pacific Roof Company (Exhibits 16, 38, 39)	Unknown
	Pick Your Part Auto Wrecking (Exhibits 36, 37)	Unknown
	Martin Sklar/Sun Valley Auto Wrecking (Exhibits 17, 19, 21, 26, 29, 38)	Unknown
Tujunga Facility	Agop Berghoudian (Exhibit 114)	Unknown
	Champion Auto Parts (Exhibit 115)	
	Paul Psik (Exhibits 111, 113, 114)	Unknown
	EZ Auto (Exhibit 115)	
	M&N Auto Dismantlers (Exhibit 115)	
	Pick Your Part Auto Wrecking (Exhibits 112, 117)	Unknown
	Insurance Salvage Services (Exhibits 108, 110)	Unknown

20. Describe the size of each of the Facilities, the approximate number of people employed by the Company at each of the Facilities, and the product(s) manufactured or services

performed by the Company at each of the Facilities. Describe any significant change in Facilities' sizes, the number of employees, or the products manufactured over time.

Response:

FACILITY	FACILITY SIZE	NUMBER OF COMPANY EMPLOYEES	COMPANY SERVICES PERFORMED
Laurel Canyon Facility ("Hewitt")	59 acres	Unknown, No significant changes known.	The Company conducted aggregate mining operations on the property and leased the property to landfill operator/tenant Los Angeles By-Products, Co., until approximately 1975 (Exhibits 49-52) and has leased to various auto and storage tenants after landfill operations ceased (Exhibits 54-79).
Glenoaks Facility	44.53 acres	Unknown, No significant changes known.	The Company leased the property to various auto wrecking/dismantling tenants until it sold the property to Pick Your Part Auto Wrecking in September 1988. See attached Exhibits 38, 41-42.
Tujunga Facility	8.76 acres	Unknown, No significant changes known.	The Company leased the property to various auto wrecking/dismantling tenants until it sold the property to Pick Your Part Auto Wrecking in December 2001. See

			attached Exhibits 118-120.
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In its 104(e) response dated May 18, 2006, the Company states that its ownership of the Laurel Canyon facility began with the acquisition of the property by Consumer Rock and Gravel Company in October 1923, but provides little information about the operations conducted. Provide complete information about the types of operations conducted at the Laurel Canyon facility by the Company, its predecessors, subsidiaries and/or affiliates from 1923 to the present. Describe the types of operations conducted, and provide a timeline of operations and the entities which operated during those time periods. Also indicate whether the Company or any of its predecessors, subsidiaries or affiliates continued operations at the Laurel Canyon facility after the Master Lease Agreement between CalMat Properties Co. and Laurel Canyon Holding, LLC was executed in December 2001.

Response:

History of Laurel Canyon Facility:

Consumers Rock and Gravel Co. purchased what appears to be the property from Thomas M. Todd on October 11, 1923. See attached Exhibits 46-47. Consumers Rock and Gravel Co. acquired another portion of what appears to be the property on in 1923 from Fred W. Heatherly. See attached Exhibit 48. Sand and aggregate mining operations began on the property approximately in 1923.

From approximately 1962 to 1975, Conrock Co. owned the Laurel Canyon Blvd. Property and leased the site to Los Angeles By-Products, Co., a tenant. See attached Exhibits 49-52. The property operated under a 10-year Zone Variance granted to Consolidated Rock Products Co. for landfill use from 1962 to 1972. See attached Exhibit 52. Only non-hazardous solid waste and inert waste were accepted in the landfill; no liquid or hazardous wastes were accepted. The landfill was officially closed in 1975. Since landfill operations ceased, the site has been leased by the Company to tenants for predominately auto and mini-storage businesses.

Summary of Laurel Canyon Facility Operations:

SUSPECTED OPERATOR/TENANT	APPROXIMATE OCCUPANCY PERIOD	TYPE OF OPERATIONS
Absolute Towing (Exhibit 73)	1999-2004	Towing service.
Allstate Insurance Company (Exhibits 70, 71)	1997-Unknown	Unknown.

SUSPECTED OPERATOR/TENANT	APPROXIMATE OCCUPANCY PERIOD	TYPE OF OPERATIONS
Desmond Studio Production Services (Exhibits 56, 61, 62, 65, 67-69, 74)	1987-2001	Parking; storage of vehicles and movie studio equipment.
Don Pomerantz (Exhibit 63)	1993-Unknown	Unknown.
Insurance Auto Auctions (Exhibits 66, 72)	1999-2004	Storage.
L.A. Auto Salvage, Inc. (Exhibits 58, 59, 60, 64)	1987-1994	Salvage and storage
Laurel Canyon Holdings (Exhibits 75-79)	Lease for 2001-2026	Unknown.
Livingston-Graham, Inc (Exhibit 53)	1983-Unknown	Unknown.
Los Angeles By-Products, Co. (Exhibits 49-52)	Approximately 1962-1975	Solid waste landfill use.
J.S.J. Equipment Rentals (Exhibit 54)	1986-Unknown	Unknown.
Rent-a-Piece, Inc. (Exhibit 57)	1987-Unknown	Unknown.
United Road Services (Exhibit 73)	1999-2004	Unknown.
Wimsatt Concrete Inc. (Exhibit 55)	1987-Unknown	Unknown.

In its 104(e) response dated May 18, 2006, the Company states that CalMat Land Company owned and operated the property at the Glenoaks Blvd. facility from December 1, 1987 until September 12, 1988, but provides little information about the operations conducted and no copies of the requested leases. Provide complete information about the types of operations conducted at the Glenoaks Blvd. facility by the Company, its predecessors, subsidiaries and/or affiliates. Also provide copies of all leases in effect during the time period this facility was owned by the Company, its predecessors, subsidiaries and/or affiliates.

In its 104(e) response dated May 18, 2006, the Company states that the property at the Tujunga Avenue facility was owned and operated by CalMat Co. and/or its predecessors from December 1, 1987 until April 1, 2002. The Company provides little information about the operations conducted at the Tujunga Avenue facility and does not provide copies of all leases for the time period. Provide complete information about the types of operations conducted at the Tujunga Avenue facility by the Company, its predecessors, subsidiaries and/or affiliates. Also provide copies of all leases in effect at the facility prior to January 1993.

Responses:

Summary of Glenoaks Facility Operations:

SUSPECTED OPERATOR/TENANT	APPROXIMATE TENANCY PERIOD	TYPE OF OPERATIONS
Operators/ tenants on property during CalMat's ownership:		
A-1 Scrap, Inc. (Exhibit 38)	Unknown	Unknown.
Aaron Auto Wrecking (Exhibits 38, 40)	Unknown	Auto salvage use.
All Auto Parts (Exhibits 24, 38)	Unknown	Auto salvage use.
Century Auto Salvage (Exhibit 38)	Unknown	Auto salvage use.
Crossroads Chevrolet Inc. (Exhibit 38)	Unknown	Unknown.
EZ Auto Sales and Auto Parts (Exhibit 38)	Unknown	Storage.
Pacific Roof Company Exhibits 16, 38, 39)	1977-Unknown	Unknown.
Pick Your Part Auto Wrecking (Exhibits 36, 37)	Until 1987 (then became property owner)	Auto salvage use.
Martin Sklar/Sun Valley Auto Wrecking (Exhibits 17, 19, 21, 26, 29, 38)	1978- Unknown	Auto salvage use.

SUSPECTED OPERATOR/TENANT	APPROXIMATE TENANCY PERIOD	TYPE OF OPERATIONS
Suspected operators/tenants on property prior to CalMat's ownership:		
All Auto Parts (Exhibits 24, 38)	1981-Unknown	Auto salvage use.
Cecil Cushen (Exhibit 40)	1976-1981	Unknown.
Elite Auto Parts Company (Exhibit 34)	1984-Unknown	Auto salvage use.
Gary Avakian and Avedis Berghoudian / Save-On Auto Parts and Salvage, Inc. (Exhibits 31, 35)	1982-1987	Auto salvage use.
Insurance Salvage Services (Exhibits 18, 22, 23, 25)	1979-Unknown	Unknown.
Nick Pavitch (Exhibits 26, 27, 33)	1983-1990	Unknown.
Sam's Auto Salvage and Auto Wrecking (Exhibit 32)	1985-1989	Auto salvage use.
Sun Valley Auto Parts (Exhibit 20)	1980-1985	Auto salvage use.

Summary of Tujunga Facility Operations:

SUSPECTED OPERATOR/TENANT	APPROXIMATE TENANCY PERIOD	TYPE OF OPERATIONS
Suspected operators/tenants on property during CalMat's ownership:		
A-1 Scrap, Inc. (Exhibits 109, 114, 116)	1978-1992	Unknown.
Champion Auto Parts	Unknown	Unknown

SUSPECTED OPERATOR/TENANT	APPROXIMATE TENANCY PERIOD	TYPE OF OPERATIONS
(Exhibit 115)		
EZ Auto (Exhibit 115)	Unknown	Unknown
Pick Your Part Auto Wrecking (Exhibit 112, 117)	1982-2002 (then became property owner)	Auto salvage use.
M&N Auto Parts (Exhibit 115)	Unknown	Unknown
Suspected operators/ tenants on property prior to CalMat's ownership:		
Agop Berghoudian (Exhibit 114)	Unknown-1983	Unknown.
Crossroads Chevrolet (Exhibit 115)	Unknown	Unknown
Insurance Salvage Service (Exhibits 108, 110)	1979-Unknown	Unknown.
Sun Valley Pick Your Part Auto Wrecking (Exhibits 112, 117-120)	1979-Unknown	Auto salvage use.

25. Provide copies of all environmental data or technical or analytical information regarding soil, water, and air conditions at or adjacent to each of the Facilities, including, but not limited to, environmental data or technical or analytical information related to soil contamination, soil sampling, soil gas sampling, geology, water (ground and surface), hydrogeology, groundwater sampling, and air quality. In your response, include copies of supplemental monitoring report dated July 1, 1989, mentioned in the Solid Waste Assessment Test (SWAT) – Water for Hewitt Landfill dated June 6, 1988 prepared by Law Environmental for CalMat Company, and include a copy of the Appendix D to the SWAT report dated July 1, 1988, prepared by Law Environmental for CalMat Company.

The Company's 104(e) response indicates that a vadose zone monitoring system was installed at the Laurel Canyon facility in the 1980's, but provides no copies of monitoring reports or testing results. Provide copies of all testing and monitoring results conducted on the soil and soil gas at this facility.

Responses:

See attached Exhibit 80.

North Hollywood Operable Unit

Response to EPA 104(E) Request

Prepared for:

Vulcan Materials
3200 San Fernando Road
Los Angeles, CA 90064

Prepared by:

CDM
18581 Teller Avenue, Suite 200
Irvine, California 92612

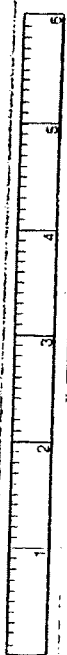
APNs 2408-036-001 and 2538-022-020

1. Bradley Yard Parcel Map, August 16, 1995
2. Detailed Parcel Information and Property Profile of Cal Mat from the Los Angeles County Assessor's office, Parcels 2538-022-020 and 2408-036-001, January 2007

1996

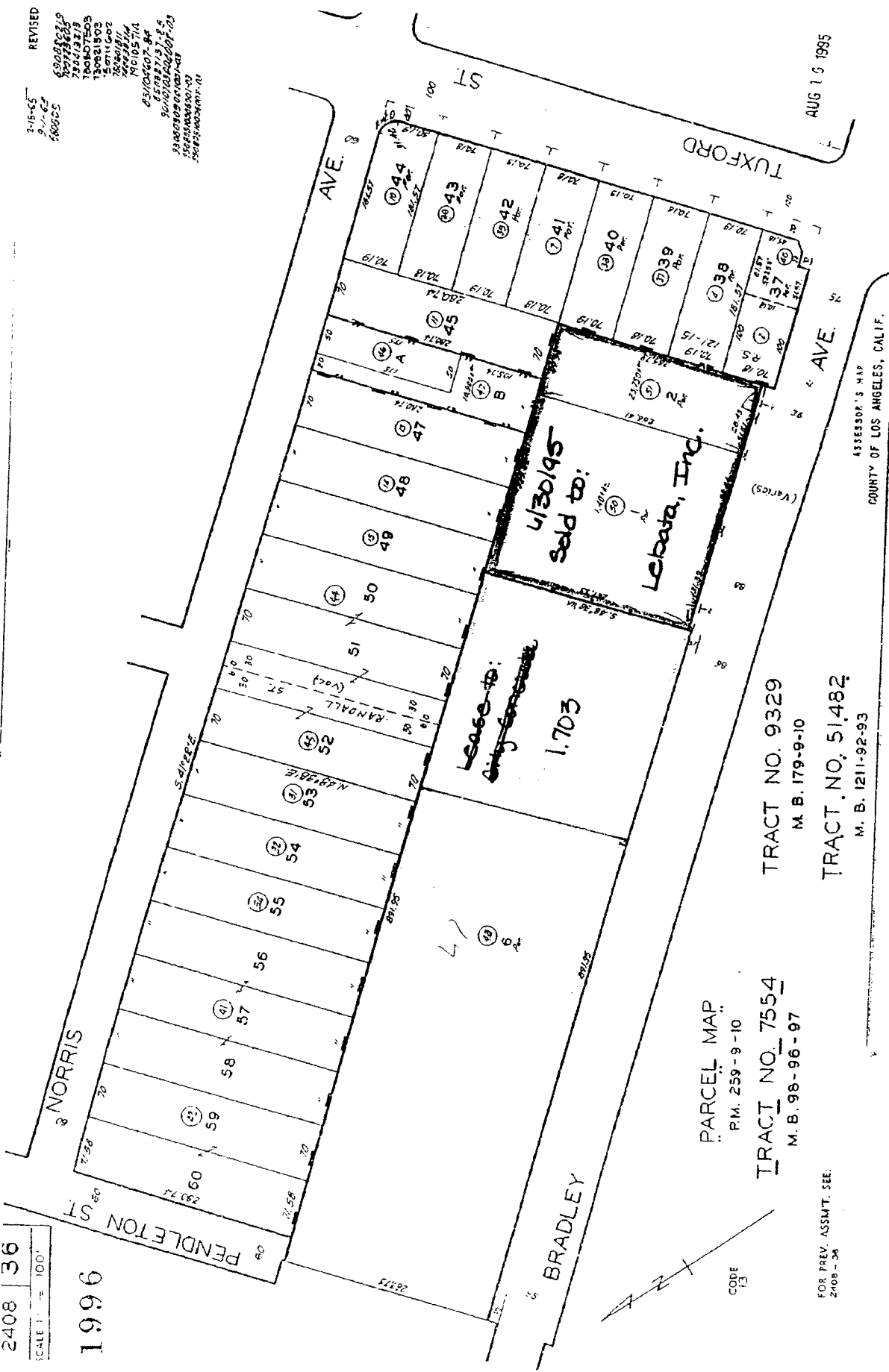
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SCALE IN 1/10 OF AN INCH



3 NORRIS

1969



AUG 15 1995

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

CA-LW-21A
BRADLEY YARDS

TRACT NO. 9329

M. B. 179-9-10

TRACT. NO. 51482

M. B. 1211-92-93

PARCEL MAP

P.M. 259-9-10

TRACT NO. 7554

M. B. 98-96-97

FOR PREV. ASSMT. SEE:
2408 - 34



Select a property to build a profile report

Search New Property

Profile Report

Owner: CALMAT PROPERTIES CO
Address: 8970 BRADLEY AVE
City/State: SUN VALLEY CA 91352
APN: 2408-036-048

SAME AREA { 2408-036-006

Data Deemed Reliable, But Not Guaranteed.

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BRADLEY YARDS
CA-LW-21A

File # and Fee	Legal Owner	APN	Dbase Acreage
000320-000 <i>old APN</i> Fee Trans: CalMat Land Co.	CalMat Properties Co.	2408-036-001 2538-010-002 2538-022-020	5.591 8.760 0.004
Total Acreage			14.355

Records for this property are kept at the North District Office

Property Information

Assessor's Id. Number	2538-022-020
Site Address	No Address Available
Property Type	Vacant Land
Region / Cluster	24 / 24830
Tax Rate Area (TRA)	00013

[Click here to View Assessor's Map](#)[Click here to View Index Map](#)

Recent Sale Information

Latest Sale Date
Indicated Sale Price

[Click here for Recent Sales History](#)

2006 Roll Values

Recording Date	01/06/1999
Land	\$156
Improvements	\$0
Personal Property	\$0
Fixtures	\$0
Homeowners' Exemption	\$0
Real Estate Exemption	\$0
Personal Property Exemption	\$0
Fixture Exemption	\$0

[Click here for 2006 Annual Roll](#)[Click here for Supplemental Roll](#)

Property Boundary Description

*TR=10627*LOT COM AT INTERSECTION OF N LINE OF P M 81-37-39 WITH E LINE OF LOT 15 TH N ON SD E LINE TO MOST N COR OF SD LOT TH W AT R/A TO E LINE OF TUJUNGA ... SEE MAPBOOK FOR MISSING PORTION ... OF LOT 15

Building Description(s)

No building information is available for this parcel.

[Click here for Another View](#)

Property Profile*Chicago Title 

Primary Owner: CALMAT PROPERTIES CO

Secondary Owner:

Mail Address: 3200 N SAN FERNANDO RD
LOS ANGELES CA 90065

Site Address:

Assessor Parcel 2538-022-020
Number:

Phone: - -

Census Tract:

Housing Tract 10627*LOT
Number:

Lot Number:

Page Grid:

Legal Description: *TR=10627*LOT COM AT INTERSECTION OF N LINE OF P M 81-37-39
WITH E LINE OF LOT 15 TH N ON SD E LINE TO MOST N COR OF
(MORE)**Property Characteristics**

Bedrooms -	Year Built -	Square Feet -
Bathrooms -	Garage - /	Lot Size - 1,529 SF
Total Rooms -	Fireplace -	Number of Units - 0
Zoning - LAPF	Pool -	Use Code - Government-Vacant Land
No of Stories -	Latitude - 0	Longitude - 0



Transfer Date - 01/06/1999	Seller - N/A	Document # - BK-PG: -
Transfer Value - N/A		Cost Per Square Feet - N/A
First Loan Amount - N/A	Lender - N/A MTG	

Assessment & Tax Information

Assessed Value - \$156	Percent Improvement -	Homeowner Exemption -
Land Value - \$156	Tax Amount - \$12.45	Tax Rate Area - 0-013
Improvement Value -	Tax Account ID -	Tax Status - -2004
Market Improvement Value -	Market Land Value -	Market Value-

Map Source: GoogleEarth 2007

CDM

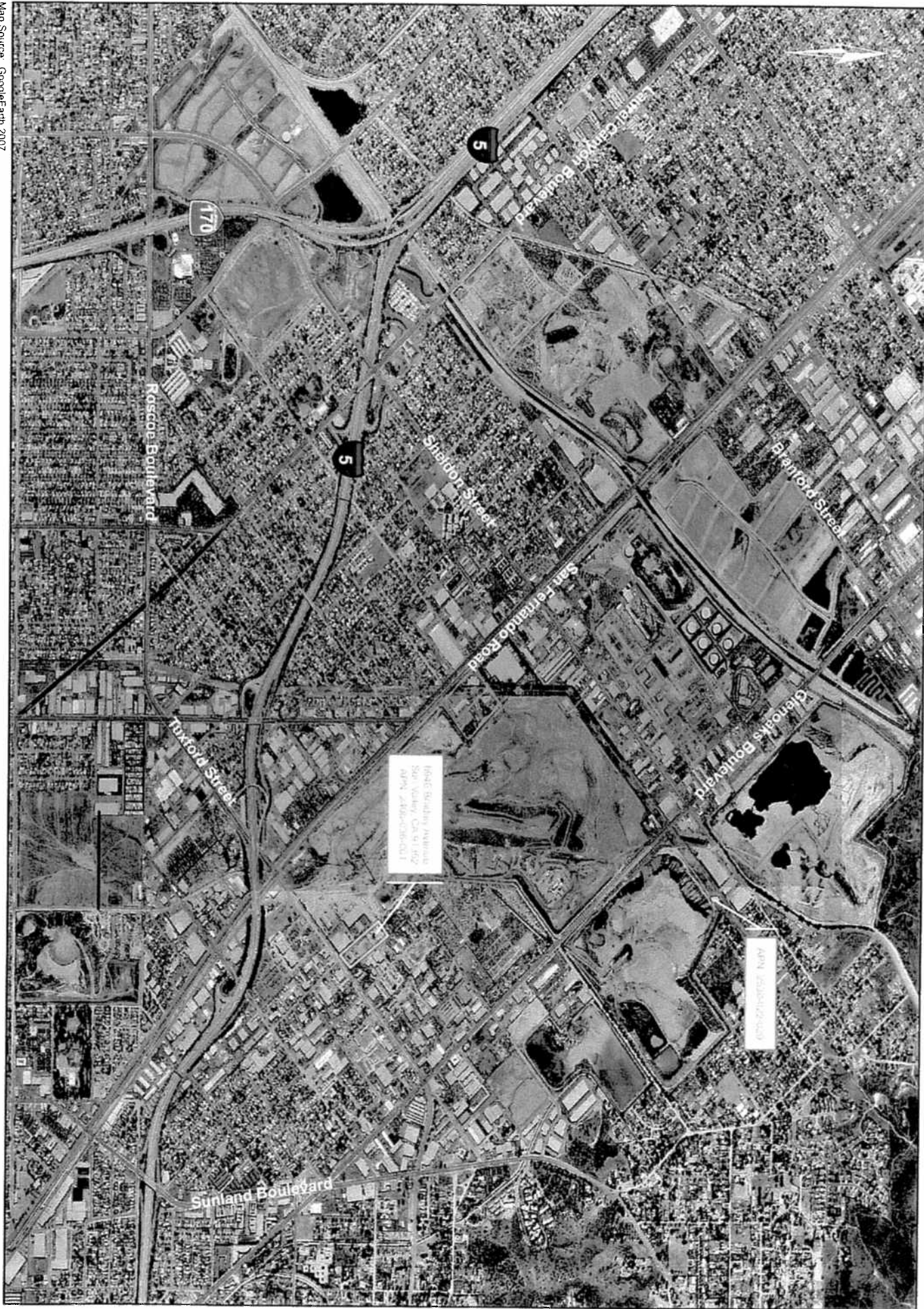
Legend

Facility Locations



Vulcan Materials Co.
Site Vicinity Map - Facility Locations

Figure 1



8960 Bradley Ave.

3. Application for Certificate of Occupancy, Various dates between 1956 and 1987
4. Month to Month Lease Agreement between Cal Mat Properties and Crown Disposal Company, Former Louis Visco Landfill site, Lease to Commence March 16, 1994
5. Termination of Lease between Cal Mat Properties and Crown Disposal, Former Louis Visco Landfill site, Lease terminated effective May 31, 1998
6. Parcel Profile Report, Los Angeles County Assessor's Office, Parcel 2408-036-048, Current Postal Address 8960 Bradley Ave., January 24, 2007
7. Former Louis Visco Landfill Aerial Photographs, Various dates
8. Parcel Map

1

APPLICATION TO THE BOARD OF BUILDING AND SAFETY FOR CERTIFICATE OF OCCUPANCY

CITY OF LOS ANGELES

DEPT. OF BUILDING AND SAFETY

DIST. MAP 7535	1. LEGAL LOT 6 N. 311' of S. 831'	BLK.	TRACT 9329
ZONE M-3	JOB ADDRESS 8970 Bradley Ave.	SV	APPROVED I.B.
FIRE LANE 2	2. BETWEEN CROSS STREETS Tuxford St. AND Tujunga Ave.		
INSIDE thru	3. PURPOSE DESCRIBE Auto Wrecking Yard		
REV. COR. LOT SIZE 311 x 281	4. OWNER A-1 Auto Wrecker Inc.		
NEAR ALLEY NONE	5. OWNER'S ADDRESS 8970 Bradley Ave.		
SIDE ALLEY BLDG. LINE 10'	6. CERT. ARCH.	STATE LICENSE NUMBER	
AFFIDAVITS Case 4493	7. LIC. ENGR.	STATE LICENSE NUMBER	
BLDG. AREA	8. CONTRACTOR	STATE LICENSE NUMBER	
SPRINKLERS REQ'D. SPECIFIED	9. SIZE OF NEW BLDG. X STORIES	HEIGHT	
	10. MATERIAL OF EXTERIOR WALLS: <input type="checkbox"/> WOOD <input type="checkbox"/> METAL <input type="checkbox"/> CONC. BLOCK <input type="checkbox"/> STUCCO <input type="checkbox"/> BRICK <input type="checkbox"/> CONCRETE		

8970 Bradley Ave.

VALIDATION LA43528	TYPE	GROUP	MAX. OCC.	AY-1856 51973 C-105 2.00
-----------------------	------	-------	-----------	--------------------------

DIST. OFFICE Van Nuys

C. OF D.
ISSUEDDWELL.
UNITSPARKING
SPACESGUEST
ROOMS

FILE WITH

CONT. INSP.

11. VALUATION: TO INCLUDE ALL FIXED EQUIPMENT REQUIRED TO OPERATE AND USE PROPOSED BUILDING	VALUATION APPROVED
I certify that in doing the work authorized hereby I will not employ any person in violation of the Labor Code of the State of California relating to workmen's compensation insurance.	APPLICATION CHECKER Ruth Winston
SIGNED	PLANS CHECKED
	CORRECTIONS VERIFIED
	PLANS APPROVED
This Form When Properly Validated is a Permit to Do the Work Described	APPLICATION APPROVED Ruth Winston

INSTRUCTIONS: 1. Applicant to Complete Numbered Items Only.
2. Plot Plan Required on Back of Original.

Bradley Ave

10' Bldg
Link
set
back

Auto Wrecking
M-33

No inspection
required

O.K. to issue
C. of O.

10/29/56

DONE

10/29/56

CITY OF LOS ANGELES				DEPT. OF BUILDINGS AND SAFETY			
INSTRUCTIONS: 1. Applicant to Complete Numbered Items Only. 2. Plot Plan Required on Book of Originals.							
1. LEGAL DESCR.	LOT	BLK.	TRACT	CENSUS TRACT			
	6		9229	1211			
2. PURPOSE OF BUILDING				DIST. MAP			
12' Office XX and contractor's Construction Equip. storage				7535			
3. JOB ADDRESS				ZONE			
8970 Bradley				M-3-1-G			
4. BETWEEN CROSS STREETS				FIRE DIST.			
Tuxford AND Tujunga				II			
5. OWNER'S NAME				LOT (TYPE)			
CALIF. Materials				Inside			
6. OWNER'S ADDRESS				LOT SIZE			
9228 Tujunga				1211.58 x			
7. ARCHITECT OR DESIGNER				280.74			
/				STATE LICENSE No. PHONE			
8. ENGINEER				ALLEY			
/				STATE LICENSE No. PHONE			
9. CONTRACTOR				BLDG. LINE			
Owner				10' front			
10. LENDER				AFFIDAVITS			
/				ZA 4493			
11. SIZE OF NEW BLDG.		STORIES	HEIGHT	NO. OF EXISTING BUILDINGS ON LOT AND USE			
12x10		1		None			
12. MATERIAL OF CONSTRUCTION		EXT. WALLS	ROOF	FLOOR			
13. JOB ADDRESS				DISTRICT OFFICE			
1 8970 Bradley				ST			
14. VALUATION TO INCLUDE ALL FIXED EQUIPMENT REQUIRED TO OPERATE AND USE PROPOSED BUILDING				GRADING			
\$ 700.00				/			
				CRIT. SOIL			
				/			
PURPOSE OF BUILDING				HIGHWAY DED.			
Office				Yes			
TYPE	GROUP	STORIES	PLANS CHECKED	FLOOD			
V	G-1	1	Finlay	/			
BLDG. AREA	MAX. OCC.	TOTAL	PLANS APPROVED	CONS.			
			<i>[Signature]</i>	/			
DWELL. UNITS	GUEST ROOMS	PARKING SPACES	REQ'D PROVIDED	ZONED BY			
X		X		Finlay			
SPRINKLERS REQ'D SPECIFIED	CONT. INSP.			FILE WITH			
P.C. No.	INSPECTION ACTIVITY			INSPECTOR			
	COMB	GEN	MAJ. S.	I			
P.C.	S.P.C.	G.P.I.	B.P.	I.F.	O.S.	C/O	TYPIST
3.22	/	/	4.95	/	/	/	

PLAN CHECK EXPIRES SIX MONTHS AFTER FEE IS PAID. PERMIT EXPIRES ONE YEAR AFTER FEE IS PAID OR SIX MONTHS AFTER FEE IS PAID IF CONSTRUCTION IS NOT COMMENCED.

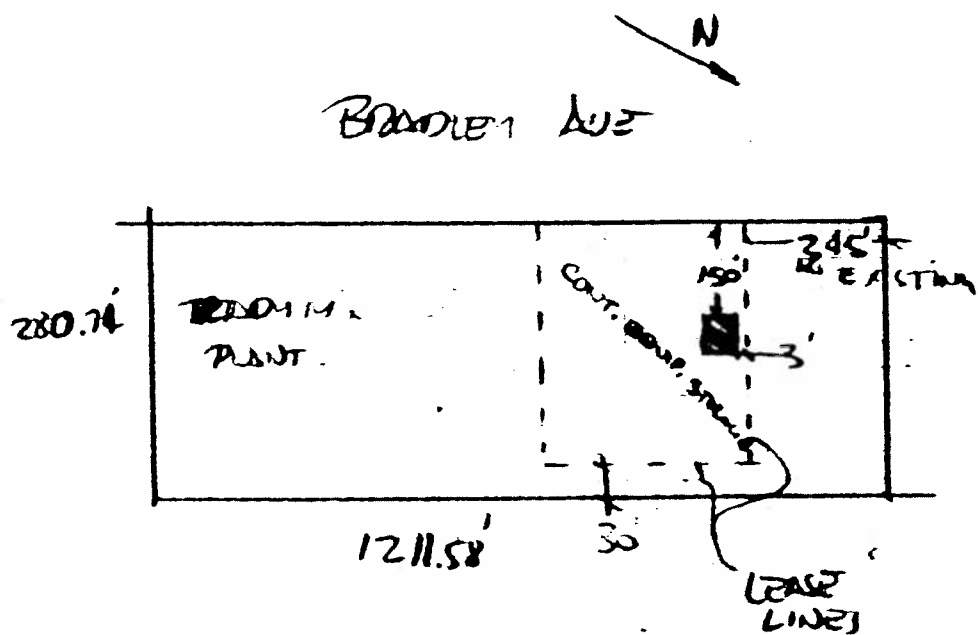
ST 11050 ST 3.22
JUN 18 1970 ST 6430 495

STATEMENT OF RESPONSIBILITY

I certify that in doing the work authorized hereby I will not employ any person in violation of the Labor Code of the State of California relating to workmen's compensation insurance.

"This permit is an application for inspection, the issuance of which is not an approval or an authorization of the work specified herein. This permit does not authorize or permit, nor shall it be construed as authorizing or permitting the violation or failure to comply with any applicable law. Neither the City of Los Angeles nor any board, department, officer or employee thereof make any warranty or shall be responsible for the performance or results of any work described herein, or the condition of the property or soil upon which such work is performed." (See Sec. 91.0202 L.A.M.C.)

HUMAN DEC. NOT RECD. BLDG LESS THAN 250'



NO OTHER BLDGS
WITHIN 60'

Address of
Building

8970 BRADLEY AV., SUN VALLEY

CITY OF LOS ANGELES
CERTIFICATE OF OCCUPANCY



NOTE: Any change of use or occupancy must be approved by the Department of Building and Safety. This certifies that, so far as ascertained by or made known to the undersigned, the building at the above address complies with the applicable requirements of the Municipal Code, as follows: Ch. 1, as to permitted uses, Ch. 9, Arts. 1, 3, 4, and 5 and with applicable requirements of State Housing Law—for following occupancies:

Issued

2-29-80

Permit No. and Year

ANNUAL INSPECTION - 1980

USE OF LAND FOR AUTO DISMANTLING YARD
Inspected per Section 12.26F
SIX REQUIRED PAVED PARKING SPACES
M-3 Zone

0 0 2 0 1 1 0 1 / 2

Owner

Calif. Portland Cement Co.

Owner's
Address

800 Wilshire Bl.

Los Angeles, CA 90017

Riega

W. KRAMBO

Form B-95b

BY

Address of
Building

8970 BRADLEY AV., SUN VALLEY

CITY OF LOS ANGELES

CERTIFICATE OF OCCUPANCY



Note: Any change of use or occupancy must be approved by the Department of Building and Safety. This certifies that, so far as ascertained or made known to the undersigned, the vacant land, building or portion of a building described below and located at the above address complies with the applicable construction requirements (Chapter 9) and/or the applicable zoning requirements (Chapter 1) of the Los Angeles Municipal Code for the use, or occupancy group in which it is classified.

Issued

2-24-81

Permit No. and Year

ANNUAL INSPECTION - 1981

USE OF LAND FOR AUTO DISMANTLING YARD

Inspected per Section 12.26F

SIX REQUIRED PAVED PARKING SPACES

M3-1 Zone

0 0 2 0 1 1 0 0 1 0

Owner

Calif. Portland Cement Co.

Owner's
Address

800 Wilshire Bl.

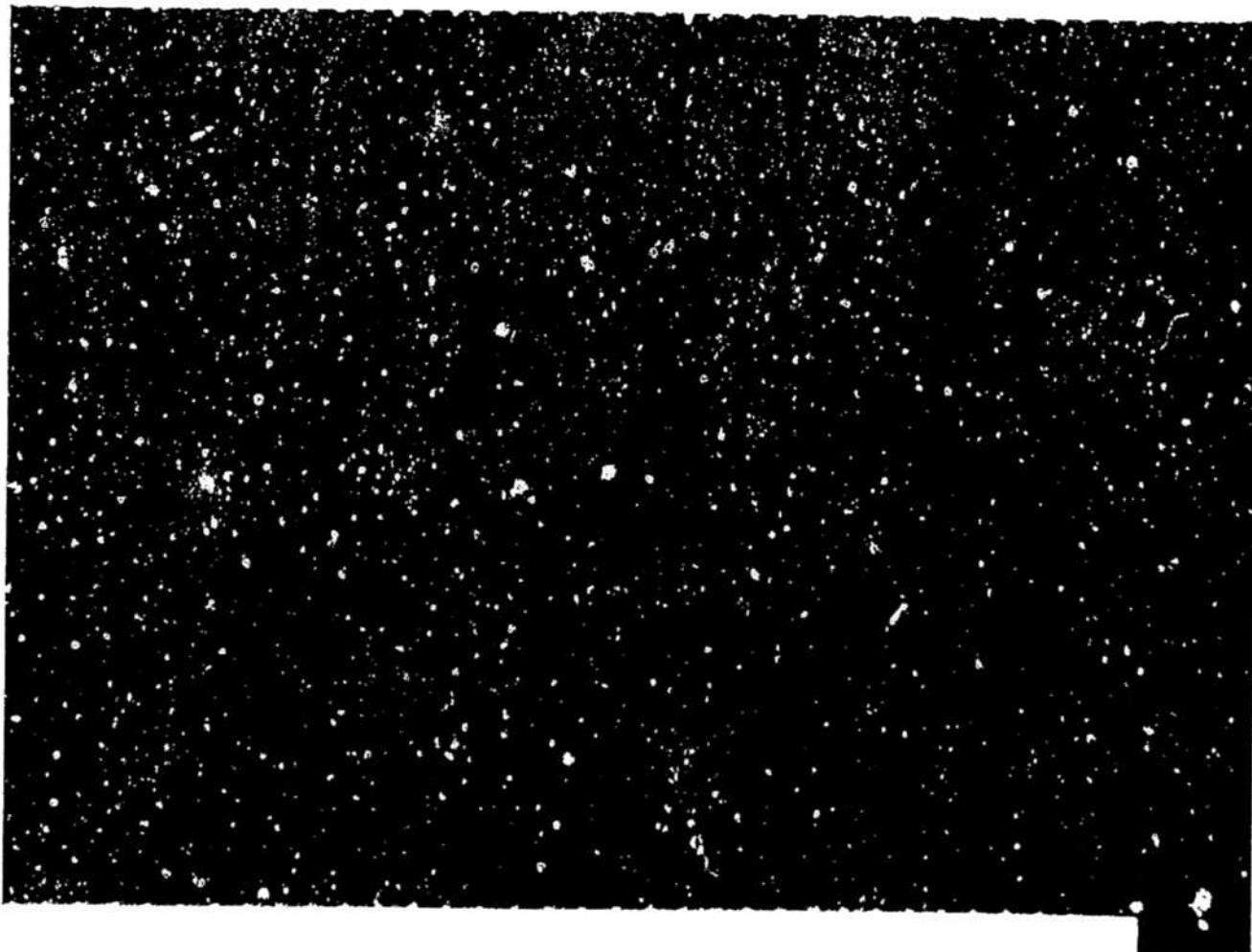
Los Angeles, CA 90017

RD:ega

W. KRAMER

Form B-95b

BY



Address of Building 8970 BRADLEY AVE., SUN VALLEY

CITY OF LOS ANGELES
CERTIFICATE OF OCCUPANCY



Note: Any change of use or occupancy must be approved by the Department of Building and Safety. This certifies that, so far as ascertained or made known to the undersigned, the vacant land, building or portion of a building described below and located at the above address complies with the applicable construction requirements (Chapter 9) and/or the applicable zoning requirements (Chapter 1) of the Los Angeles Municipal Code for the use, or occupancy group in which it is classified.

Issued 4-14-82 Permit No. and Year ANNUAL INSPECTION - 1982

USE OF LAND FOR AUTO DISMANTLING YARD
Inspected per Section 12.26F
Six Required Paved Parking Spaces
M3-1 Zone

0 8 2 0 1 1 0 0 4 / 1

Owner Calif. Portland Cement Co.
Owner's Address 800 Wilshire Bl.
Los Angeles, CA 90017
AG:ega

R. L. HOVIOUS

B & S 95a (R. 1.77)

BY _____

Address of
Building

8970 BRADLEY AVENUE SUN VALLEY
CITY OF LOS ANGELES



CERTIFICATE OF OCCUPANCY

Note: Any change of use or occupancy must be approved by the Department of Building and Safety. This certifies that, so far as ascertained or made known to the undersigned, the vacant land, building or portion of a building described below and located at the above address complies with the applicable construction requirements (Chapter 9) and/or the applicable zoning requirements (Chapter 1) of the Los Angeles Municipal Code for the use, or occupancy group in which it is classified.

Issued 3-16-83 Permit No. and Year ANNUAL INSPECTION 1983

USE OF LAND FOR AUTO DISMANTLING YARD
Inspected per Section 12.26F
SIX REQUIRED PAVED PARKING SPACES
M3-1 ZONE

0 2 1 0 1 0 3 0 1 2 1

OPERATOR: D & T AUTO DISMANTLERS
Owner's ATTN: DOUC WALL
Address 8970 BRADLEY AVENUE
SUN VALLEY, CA 91352

B & S 95a (R. 1.77)

ser BY J. CARNEY

Address of
Building

8970 BRADLEY AVENUE

CITY OF LOS ANGELES
CERTIFICATE OF OCCUPANCY



Note: Any change of use or occupancy must be approved by the Department of Building and Safety. This certifies that, so far as ascertained or made known to the undersigned, the vacant land, building or portion of a building described below and located at the above address complies with the applicable construction requirements (Chapter 9) and/or the applicable zoning requirements (Chapter 1) of the Los Angeles Municipal Code for the use, or occupancy group in which it is classified.

Issued 2-29-84

Permit No. and Year ANNUAL INSPECTION 1984

USE OF LAND FOR AUTO DISMANTLING YARD
Inspected per Section 12.26F
SIX REQUIRED PAVED PARKING SPACES
M3-1 ZONE

0 2 6 0 3 2 0 0 1 6 6

OPERATOR: D & T Auto Dismantlers
Owner's Address 8970 Bradley Avenue
Sun Valley, Ca. 91352

B & C 94a (R. 1.77)

J. CARNEY

BY _____

Address of
Building

8970 BRADLEY AVENUE

CITY OF LOS ANGELES
CERTIFICATE OF OCCUPANCY



Note: Any change of use or occupancy must be approved by the Department of Building and Safety. This certifies that, so far as ascertained or made known to the undersigned, the vacant land, building or portion of a building described below and located at the above address complies with the applicable construction requirements (Chapter 9) and/or the applicable zoning requirements (Chapter 1) of the Los Angeles Municipal Code for the use, or occupancy group in which it is classified.

Issued 9-15-86 Permit No. and Year ANNUAL INSPECTION 1986

USE OF LAND FOR AUTO DISMANTLING YARD
Inspected per Section 12.26F
Six REQUIRED PAVED PARKING SPACES
M3-1 ZONE

1 9 6 0 0 5 0 0 0 0 6

XXXXXOperator: D & T Auto Dismantlers
Owner's Address 8970 Bradley Avenue
Sun Valley, CA 91352

H. DeHOOG

APPLICATION

FOR

INSPECTION

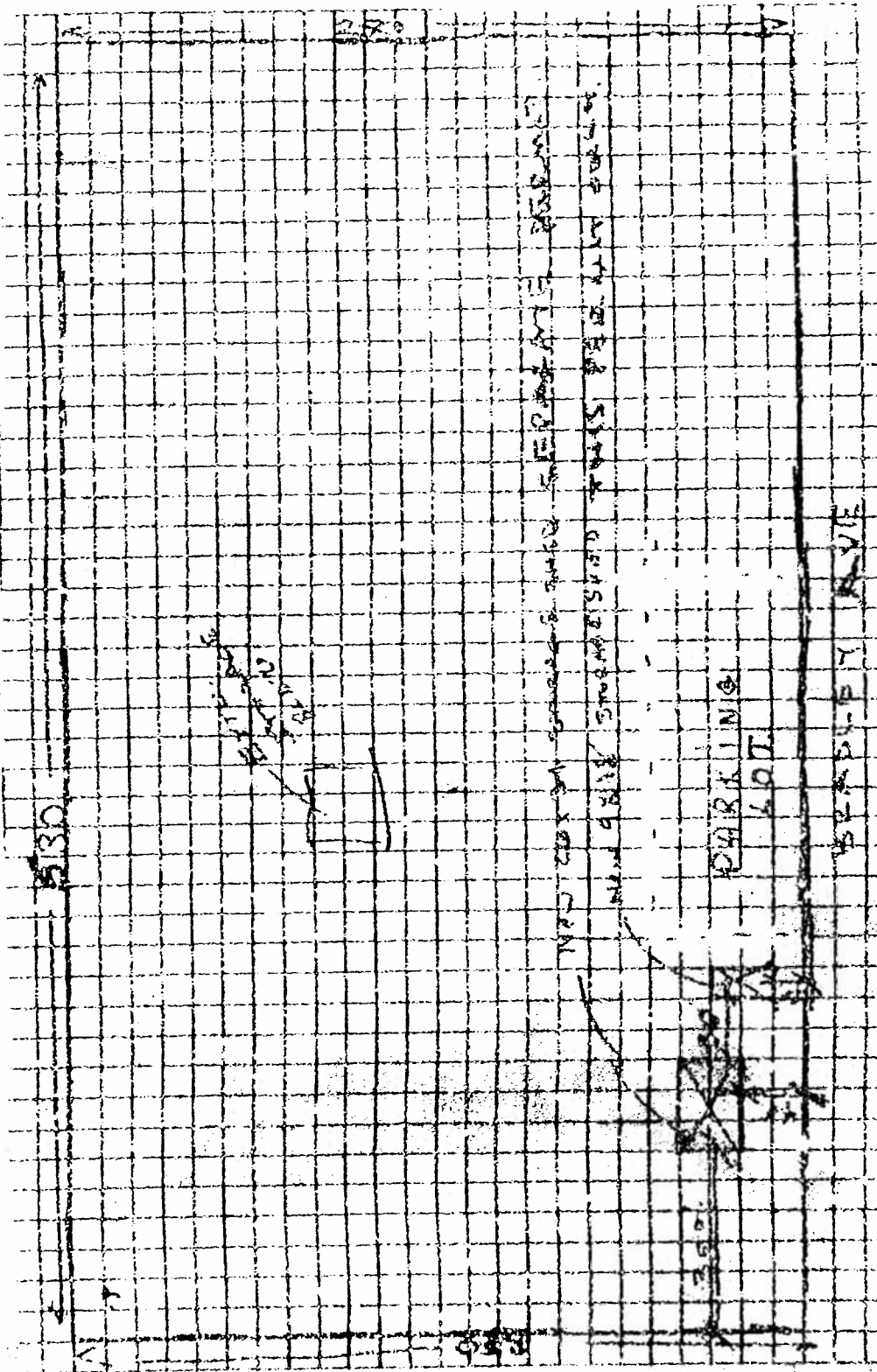
CITY OF LOS ANGELES

DEPT. OF BUILDING AND SAFETY

OF NEW
AND FOR CERTIFICATE
OF OCCUPANCY

INSTRUCTIONS: 1. Applicant to Complete Numbered Items Only. 2. Plot Plan Required on back of Original.

1. LOT	6	2. BLOCK	9329	3. COUNTY	1	4. DISTRICT	7531
5. PURPOSE OF BUILDING (23) Storage Shed							7. DISTRICT
6. JOB ADDRESS 8970 Bradley Ave							8. DISTRICT
9. BETWEEN CROSS STREETS Tuxford AND Peoria							9. DISTRICT
10. OWNER'S NAME CMI Mat Inc							10. DISTRICT
11. OWNER'S ADDRESS 8970 Bradley Ave Sun Valley 91352							11. DISTRICT
12. ENGINEER	BUS. LIC. NO.	ACTIVE STATE LIC. NO.	PHONE				
13. ARCHITECT OR DESIGNER	BUS. LIC. NO.	ACTIVE STATE LIC. NO.	PHONE				
14. ARCHITECT OR ENGINEER'S ADDRESS	CITY	ZIP					
15. CONTRACTOR	BUS. LIC. NO.	ACTIVE STATE LIC. NO.	PHONE				
16. SIZE OF NEW BLDG. WIDTH 18' LENGTH 18' STORIES 1 HEIGHT 9'	17. NO. OF EXISTING BUILDINGS IN LOT AND USE 1 Storage Shed						
18. MATERIAL OF CONSTRUCTION Drywall	19. ROOF						
20. FLOOR	21. STREET GUIDE						
22. VALUATION TO INCLUDE ALL FIXED EQUIPMENT REQUIRED TO OPERATE AND USE PROPOSED BUILDING	\$ 3000						
23. PURPOSE OF BUILDING Storage Shed							24. STORIES
25. TYPE V GROUP OCC. M1 H							26. HEIGHT
27. FLOOR AREA 162							28. PLANS CHECKED
29. DWELL UNITS /							30. INSPECTION ACTIVITY
31. GUEST ROOMS /							32. COMB. GEN. MAJ. S. COMB.
33. 27.20							34. 27.20 D-PC
35. 32.00							36. 32.00 D-PC
37. 50							38. 50 D-PC
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543.							



Address of
Building

8970 BRADLEY AV

CITY OF LOS ANGELES

CERTIFICATE OF OCCUPANCY



Note: Any change of use or occupancy must be approved by the Department of Building and Safety. This certifies that, so far as ascertained or made known to the undersigned, the vacant land, building or portion of a building described below and located at the above address complies with the applicable construction requirements (Chapter 9) and/or the applicable zoning requirements (Chapter 1) of the Los Angeles Municipal Code for the use, or occupancy group in which it is classified.

Issued 11/13/87

Permit No. and Year VN11250/86

1 Story, Type V, 9' x 18' Storage Shed. No change
in parking. M-1 Occupancy.

* ALSO SUBJECT TO ANY AFFIDAVITS OR BUILDING AND ZONING CODE MODIFICATIONS WHEATHER LISTED ABOVE OR NOT.

Owner Cal Mat Inc.

Owner's 8970 Bradley Ave.

Address Sun Valley CA 91352

B & S B-95a (R. 5/86)

BY R. KLINE/sb

**MONTH-TO-MONTH
LEASE AGREEMENT**

THIS AGREEMENT (hereinafter called "Lease") is entered into this 16th day of March 1994, by and between CALMAT PROPERTIES CO., a California corporation (hereinafter called "Landlord"), and CROWN DISPOSAL CO., INC., a California Corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), consisting of approximately .82 acres, located south/east of south end of Pendleton Street in Sun Valley as shown on the Map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord, and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions:

AGREEMENT

1. **Lease.** Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. **Term.** The term of this Lease shall be month-to-month commencing on March 17, 1994. This lease may be terminated by either party upon at least thirty (30) days written notice thereof to the other party.

3. **Rental.** Tenant shall pay to Landlord a monthly rental of TWO THOUSAND EIGHT HUNDRED DOLLARS (\$2,800.00) per month, payable in advance on the first day of each calendar month during the term hereof. If this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. **Late Charges.** Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult

to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

5. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of FIVE THOUSAND DOLLARS (\$5,000.00), which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied a aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

6. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as-is" condition. Tenant shall not construct improvements to the Premises, except as it deems necessary for its security.

7. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except for storage of rubbish disposal boxes, vehicles and related equipment. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, state and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

8. Hazardous Material/Waste. Tenant, at its sole cost and expense, shall comply with all laws, rules, and regulations, orders and the like relating to the storage, use, and/or disposal of hazardous, toxic or radioactive matter, including those materials identified in Sections 66680 through 66685 of Title 22 of the California Administrative Code, Division 4, Chapter 30 ("Title 22") as amended from time to time (collectively "Toxic Materials"). Tenant shall not cause or permit any Toxic Materials to be brought upon, kept, stored, used or disposed of in or about the Premises or the parking facilities or common areas serving the Premises by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord, which consent Landlord may withhold in its sole

discretion. Tenant's breach of the covenants contained herein shall constitute a material default under this Lease. Tenant shall be solely responsible for and shall defend, indemnify and hold Landlord, Landlord's agents and the Premises harmless from and against all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with the presence, storage, use or disposal of Toxic Materials in, on or under the Premises and/or any adjacent property. Tenant shall further be solely responsible for and shall defend, indemnify and hold Landlord, Landlord's agents and the Premises harmless from and against all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with the removal of Toxic Materials from the Premises and/or any adjacent property, including without limitation, any and all restoration work and materials necessary to return the Premises and any other property of whatever nature to their condition existing prior to the appearance of the Toxic Materials on the Premises. Tenant's obligations hereunder shall survive the termination of this Lease.

The foregoing obligations of Tenant to defend, indemnify and hold Landlord harmless shall not apply to the extent Toxic Materials may be present in on or under the Premises prior to possession or occupancy of the Premises by \tenant. Landlord and Tenant acknowledge that, based upon an inspection of the Premises, there is no evidence of the presence of Toxic Materials in, on or under the Premises at the time of Tenant's taking possession thereof.

9. Maintenance and Repair. Tenant leases Premises in "as-is" condition bases upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term

hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Without limiting other provisions of this Lease, all damage caused by removal of trade fixtures by Tenant shall be promptly repaired to Landlord's reasonable satisfaction by Tenant before the termination date of this Lease. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code Sections 1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repair by Tenant to Landlord.

10. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises

and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

11. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq., the Federal Mine Safety and Health Act of 1977, 30 U.S.C. Section 801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code Section 6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

12. Indemnification and Exculpation of Landlord. Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the

occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

13. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days' notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

14. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Properties Co.
12901 Ramona Boulevard
Unit E
Irwindale, CA 91706
Attn: Properties Manager

To Tenant: Mr. John Richardson
CROWN DISPOSAL CO., INC.
Service 9189 ~~Begramo Street~~ → DE GRAMO AVE
Address Sun Valley, California 91352
PH: (818) 767-0675
FAX: (818) 768-0541

Mailing Address: P.O. Box 1081
Sun Valley, CA 91352

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

15. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

16. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease.

17. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written consent of Landlord.

18. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

19. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

20. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

21. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

22. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

23. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first-above written.

TENANT:

CROWN DISPOSAL CO., INC.

BY: John Richardson

John Richardson

TITLE VICE PRESIDENT

Signed at San Vaneey CA

Date: MARCH 16, 1994

LANDLORD:

CALMAT PROPERTIES CO.

BY: Donald A. Cerone

Donald A. Cerone

Vice President, Land Mgmt

Signed at: _____

Date: 3/18/94

//////////

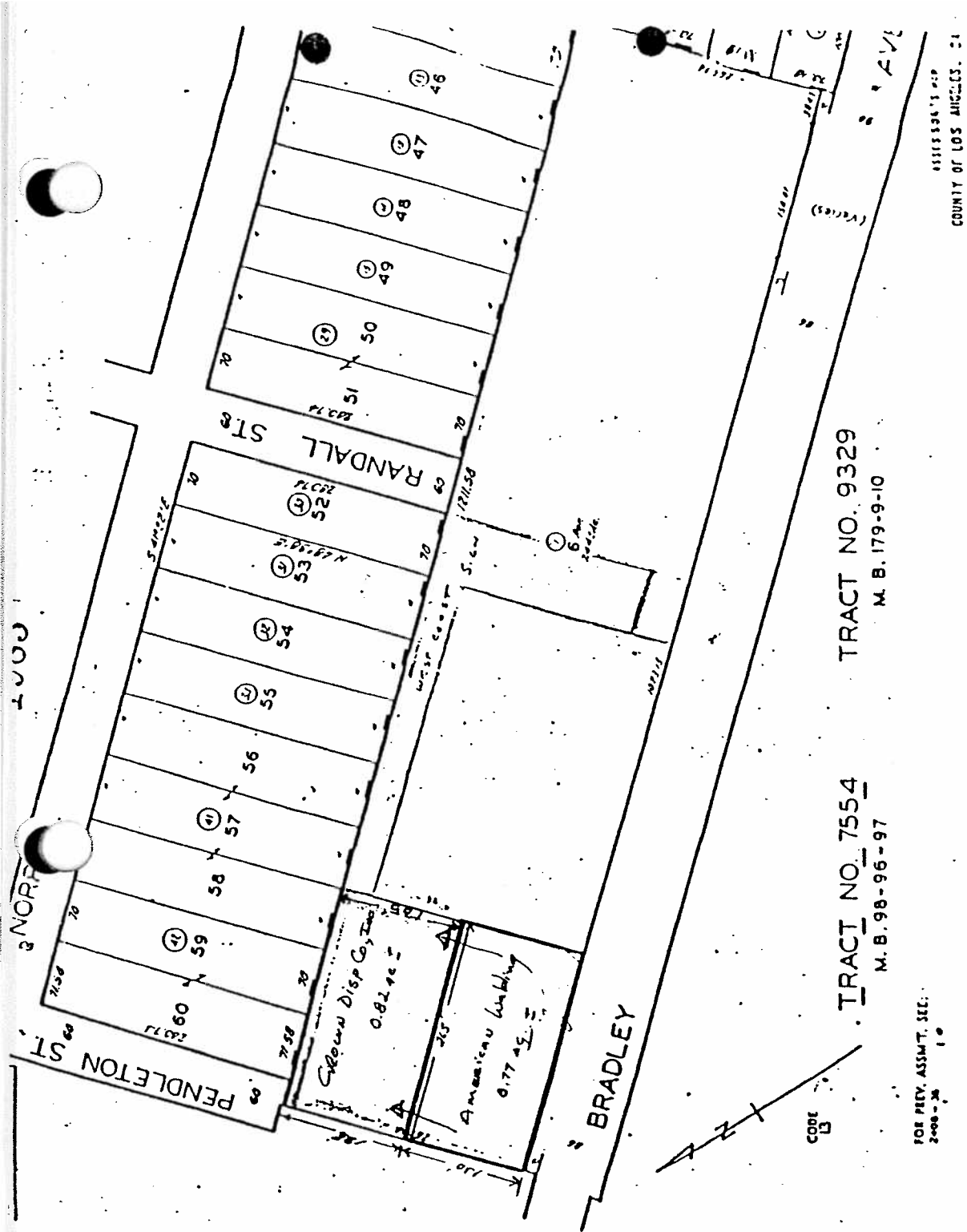


EXHIBIT A

**MONTH-TO-MONTH
LEASE AGREEMENT**

THIS AGREEMENT (hereinafter called "Lease") is entered into this 16th day of March 1994, by and between CALMAT PROPERTIES CO., a California corporation (hereinafter called "Landlord"), and CROWN DISPOSAL CO., INC., a California Corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), consisting of approximately .82 acres, located south/east of south end of Pendleton Street in Sun Valley as shown on the map attached hereto and incorporated herein as Exhibit.

B. Tenant desires to lease the Premises and Landlord desires to lease the Premises on the following terms:

Tenant desires to lease the Premises on the following terms:

1. This lease may be terminated by either party at least thirty (30) days written notice to the other party.

3. Rental. Tenant shall pay to Landlord a monthly rental of TWO THOUSAND EIGHT HUNDRED DOLLARS (\$2,800.00) per month, payable in advance on the first day of each calendar month during the term hereof. If this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult

to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

5. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of FIVE THOUSAND DOLLARS (\$5,000.00), which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied a aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

6. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as-is" condition. Tenant shall not construct improvements to the Premises, except as it deems necessary for its security.

7. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except for storage of rubbish disposal boxes, vehicles and related equipment. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, state and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

8. Hazardous Material/Waste. Tenant, at its sole cost and expense, shall comply with all laws, rules, and regulations, orders and the like relating to the storage, use, and/or disposal of hazardous, toxic or radioactive matter, including those materials identified in Sections 66680 through 66685 of Title 22 of the California Administrative Code, Division 4, Chapter 30 ("Title 22") as amended from time to time (collectively "Toxic Materials"). Tenant shall not cause or permit any Toxic Materials to be brought upon, kept, stored, used or disposed of in or about the Premises or the parking facilities or common areas serving the Premises by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord, which consent Landlord may withhold in its sole

discretion. Tenant's breach of the covenants contained herein shall constitute a material default under this Lease. Tenant shall be solely responsible for and shall defend, indemnify and hold Landlord, Landlord's agents and the Premises harmless from and against all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with the presence, storage, use or disposal of Toxic Materials in, on or under the Premises and/or any adjacent property. Tenant shall further be solely responsible for and shall defend, indemnify and hold Landlord, Landlord's agents and the Premises harmless from and against all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with the removal of Toxic Materials from the Premises and/or any adjacent property, including without limitation, any and all restoration work and materials necessary to return the Premises and any other property of whatever nature to their condition existing prior to the appearance of the Toxic Materials on the Premises. Tenant's obligations hereunder shall survive the termination of this Lease.

The foregoing obligations of Tenant to defend, indemnify and hold Landlord harmless shall not apply to the extent Toxic Materials may be present in on or under the Premises prior to possession or occupancy of the Premises by \tenant. Landlord and Tenant acknowledge that, based upon an inspection of the Premises, there is no evidence of the presence of Toxic Materials in, on or under the Premises at the time of Tenant's taking possession thereof.

9. Maintenance and Repair. Tenant leases Premises in "as-is" condition bases upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term

hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Without limiting other provisions of this Lease, all damage caused by removal of trade fixtures by Tenant shall be promptly repaired to Landlord's reasonable satisfaction by Tenant before the termination date of this Lease. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code Sections 1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repair by Tenant to Landlord.

10. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises

and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

11. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq., the Federal Mine Safety and Health Act of 1977, 30 U.S.C. Section 801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code Section 6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

12. Indemnification and Exculpation of Landlord. Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the

occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

13. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days' notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

14. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Properties Co.
12901 Ramona Boulevard
Unit E
Irwindale, CA 91706
Attn: Properties Manager

To Tenant: Mr. John Richardson
CROWN DISPOSAL CO., INC.
Service 9189 ~~Degramo Street~~ → De Gramo Ave
Address Sun Valley, California 91352
PH: (818) 767-0675
FAX: (818) 768-0541

Mailing Address: P.O. Box 1081
Sun Valley, CA 91352

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

15. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

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17. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written consent of Landlord.

18. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

19. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

20. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

21. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

22. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

23. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first-above written.

TENANT:

CROWN DISPOSAL CO., INC.

BY: [Signature]

John Richardson

TITLE Vice President

Signed at San Vanez CA

Date: MARCH 16, 1994

LANDLORD:

CALMAT PROPERTIES CO.

BY: [Signature]

Donald A. Cerone

Vice President, Land Mgmt

Signed at: _____

Date: 3/18/94

//////////

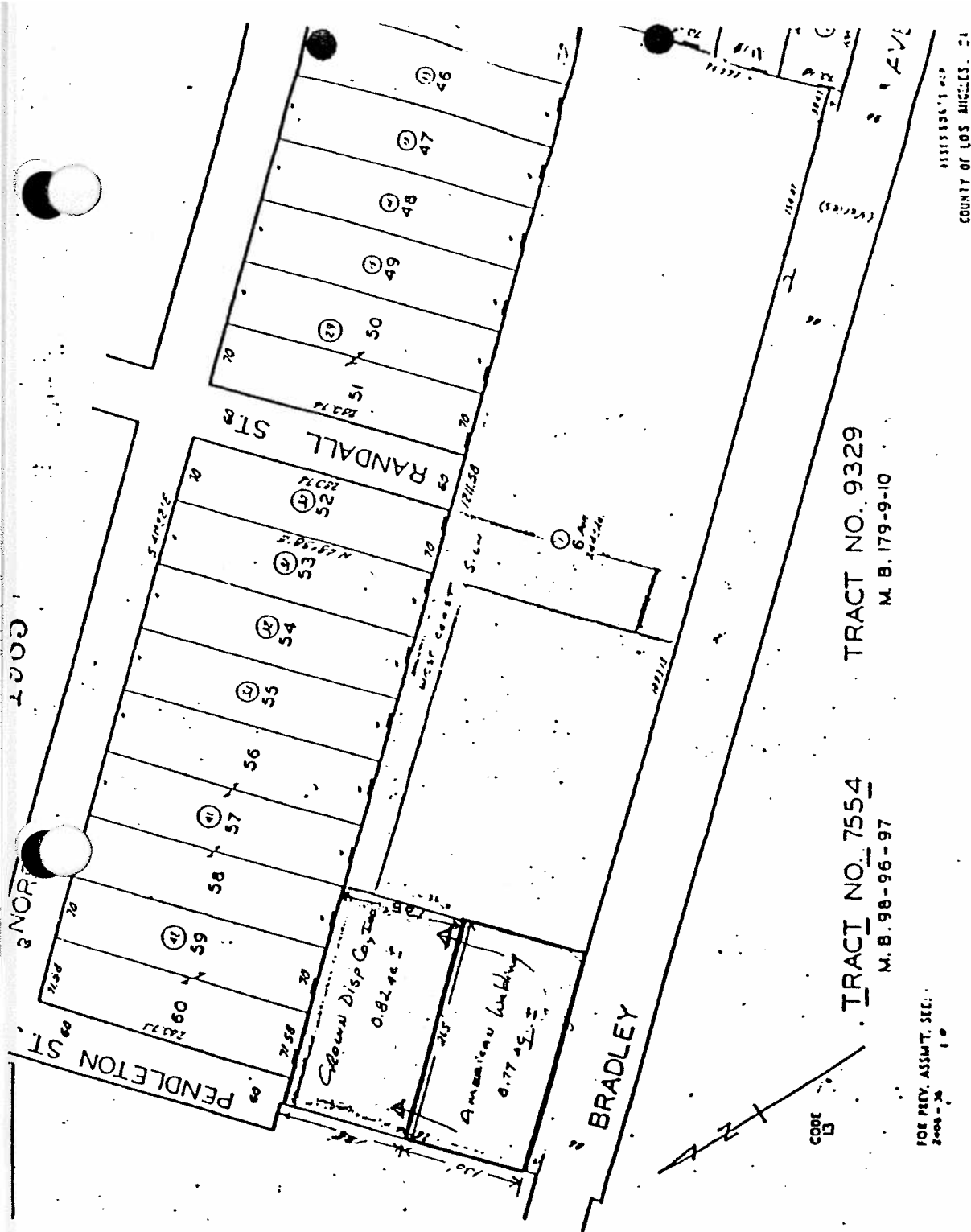


EXHIBIT A

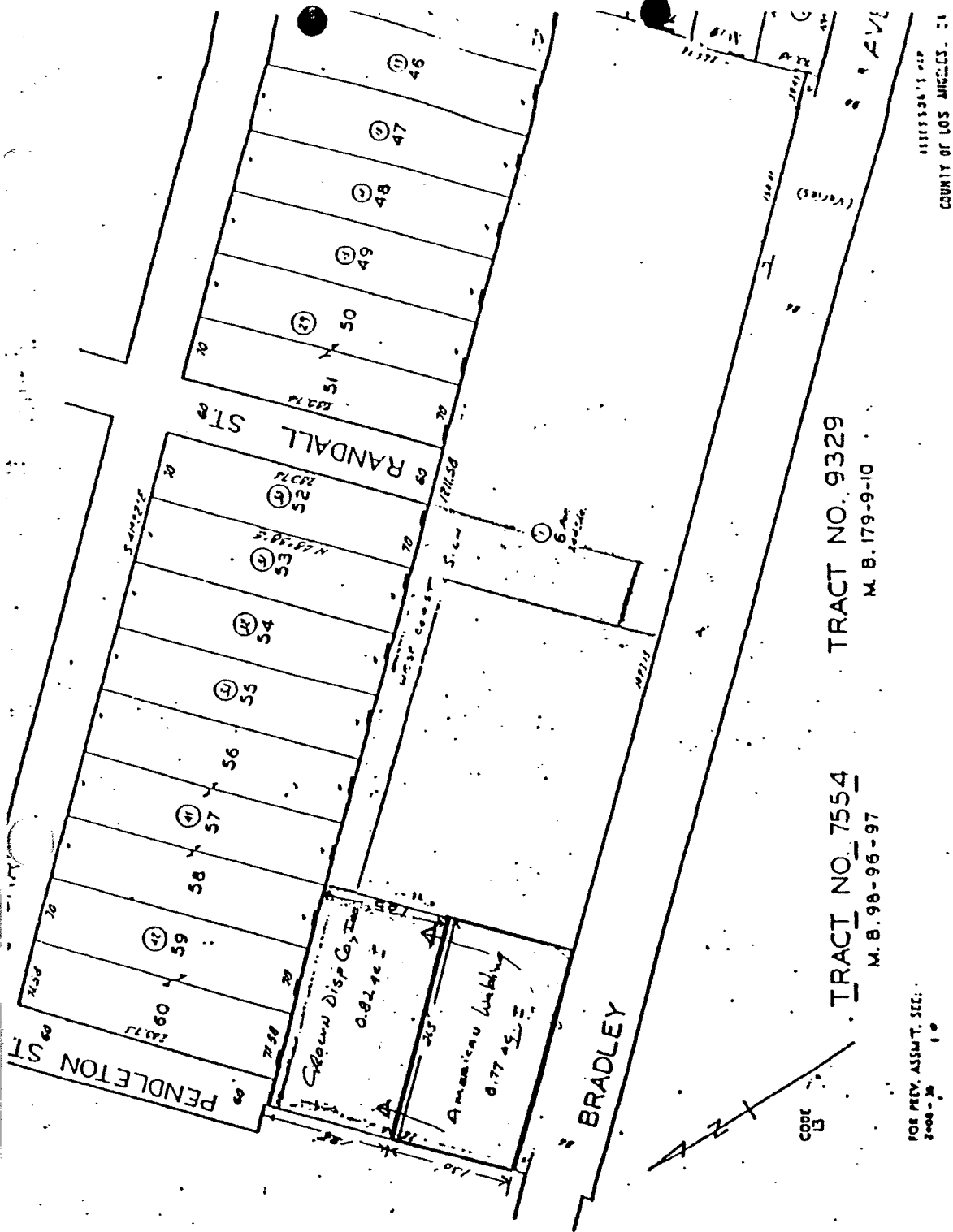


EXHIBIT A



CalMat Co

CHANGE NOTICE NO. 98059EFFECTIVE May 31 19 98

CALMAT CO. DIVISION PROPERTIES

SITE NAME SUN VALLEY / TUXFORD

PROPERTY FILE NO. CA-LW-21A-000320-023

CITY SUN VALLEY

COUNTY LOS ANGELES

PERMANENT SITE NO.

COST CENTER/ OPERATING NO.

TAX PARCEL NO.

CA-LW-21A

8247

2538 - DID - 002

NATURE OF CHANGE

TERMINATION OF LEASE

ACREAGE

SQ FT:

DESCRIPTION OF CHANGE

Lessor: CalMat Properties Co.

Lessee: Crown Disposal Co., Inc.

Lease terminated effective May 31, 1998.

BRIEF PROPERTY DESCRIPTION

DISTRIBUTION:

P. Schriebman
S. Wilcott
File (2)

Date: 8/10/98 Deleted

Karen L. Shollenburg
Gene R. Block

cn\calbus

LEASE DOCUMENT TRANSMITTAL

TENANT: Crown Disposal Co., Inc.
 PROJECT: Sun Valley / Tuxford
 SUITE(S): South/East of Pendleton Street
 (Bradley Yards)
 (Undeveloped)
 ADDRESS: 9189 De Garmo Avenue
 P.O. Box 1081
 Sun Valley, Ca 91352
 ATTN: Mr. John Richardson
 BILLING: Same as Above
 COST CENTER: 8247

DISTRIBUTION:

LISA AMOS
MARTHA MAC PHERSON
SHERI ORTEGA
KRISTINE ROBERTS
PATRICIA SCHREIBMAN
KAREN SHOLLENBURG
DEBRA SUGIMURA
SCOTT WILCOTT
TOM WILLIAMS

WE ARE SENDING YOU:

LEASE ORIGINALS
LEASE COPIES
LEASE SUMMARY
SECURITY DEPOSIT \$
PREPAID RENT FOR MONTH OF:
 / \$
SPACE PLAN
AMENDMENT
ADDENDUM
RENT SCHEDULE
OTHER / ASSIGNMENT

TRANSMITTED AS CHECKED BELOW:

FOR YOUR APPROVAL
FOR YOUR USE/FILES
AS REQUESTED
FOR REVIEW & COMMENT

REMARKS

Lease termination effective May 31, 1998.

2538-010-002 8.760A.

Patty Schreiberman
 Signature Patricia Schreiberman

7/31/98 CA-LW-21A-000320-023
 Date

BRADLEY YARDS
CA-LW-21A

File # and Fee	APN	Dbase Acreage	4/1/02 Sold: Pick Your Part	Balance
000320-000 Fee Trans: CalMat Land Co. Legal Owner: CalMat Properties Co.				
	2408-036-048	5.591		
	2538-010-002	8.760	<i>pmf</i> (8.760)	
	2538-022-020	0.004	<i>st</i>	
Total Acreage		14.355	(8.760)	5.595



CalMat Co

CHANGE NOTICE NO. 98059

EFFECTIVE May 31 19 98

CALMAT CO. DIVISION PROPERTIES

SITE NAME SUN VALLEY / TUXFORD

PROPERTY FILE NO. CA-LW-21A-000320-023

CITY SUN VALLEY

COUNTY LOS ANGELES

PERMANENT SITE NO.

COST CENTER/ OPERATING NO.

TAX PARCEL NO.

CA-LW-21A

8247

2538 - DID - 002

NATURE OF CHANGE

TERMINATION OF LEASE

ACREAGE

SQ FT:

DESCRIPTION OF CHANGE

Lessor: CalMat Properties Co.
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DISTRIBUTION:

P. Schriebman
S. Wilcott
File (2)

Date: 8/10/98 Deleted


Karen L. Shollenburg


Gene R. Block

LEASE DOCUMENT TRANSMITTAL

DISTRIBUTION:

TENANT: Crown Disposal Co., Inc.
 PROJECT: Sun Valley / Tuxford
 SUITE(S): South/East of Pendleton Street
(Bradley Yards)
(Undeveloped)
 ADDRESS: 9189 De Garmo Avenue
P.O. Box 1081
Sun Valley, Ca 91352
 ATTN: Mr. John Richardson
 BILLING: Same as Above
 COST CENTER: 8247

<u>X</u>	<u>LISA AMOS</u>
<u>X</u>	<u>MARTHA MAC PHERSON</u>
<u>X</u>	<u>SHERI ORTEGA</u>
<u>X</u>	<u>KRISTINE ROBERTS</u>
<u>X</u>	<u>PATRICIA SCHREIBMAN</u>
<u>X</u>	<u>KAREN SHOLLENBURG</u>
<u>X</u>	<u>DEBRA SUGIMURA</u>
<u>X</u>	<u>SCOTT WILCOTT</u>
<u>X</u>	<u>TOM WILLIAMS</u>

WE ARE SENDING YOU:

LEASE ORIGINALS
LEASE COPIES
LEASE SUMMARY
SECURITY DEPOSIT \$
PREPAID RENT FOR MONTH OF:
 /\$
SPACE PLAN
AMENDMENT
ADDENDUM
RENT SCHEDULE
OTHER / ASSIGNMENT

TRANSMITTED AS CHECKED BELOW:

FOR YOUR APPROVAL
X FOR YOUR USE/FILES
AS REQUESTED
FOR REVIEW & COMMENT

REMARKS

Lease termination effective May 31, 1998.

2538-010-002 8.76DA.

Patricia Schreiberman
 Signature Patricia Schreiberman

7/31/98 CA-LW-21A-000320-023
 Date

LEASE DOCUMENT TRANSMITTAL

DISTRIBUTION:

TENANT: Crown Disposal Co., Inc.

PROJECT: Sun Valley / Tuxford

SUITE(S): South/East of Pendleton Street
(Bradley Yards)
(Undeveloped)

ADDRESS: 9189 De Garmo Avenue
P.O. Box 1081
Sun Valley, Ca 91352

ATTN: Mr. John Richardson

BILLING: Same as Above

COST CENTER: 8247

		<u>LISA AMOS</u>
X		<u>MARTHA MAC PHERSON</u>
X		<u>SHERI ORTEGA</u>
X		<u>KRISTINE ROBERTS</u>
		<u>PATRICIA SCHREIBMAN</u>
X		<u>KAREN SHOLLENBURG</u>
X		<u>DEBRA SUGIMURA</u>
X		<u>SCOTT WILCOTT</u>
		<u>TOM WILLIAMS</u>

WE ARE SENDING YOU:

	<u>LEASE ORIGINALS</u>
	<u>LEASE COPIES</u>
X	<u>LEASE SUMMARY</u>
	<u>SECURITY DEPOSIT \$</u>
	<u>PREPAID RENT FOR MONTH OF:</u>
	<u> /\$</u>
	<u>SPACE PLAN</u>
	<u>AMENDMENT</u>
	<u>ADDENDUM</u>
X	<u>RENT SCHEDULE</u>
	<u>OTHER / ASSIGNMENT</u>

TRANSMITTED AS CHECKED BELOW:

	<u>FOR YOUR APPROVAL</u>
X	<u>FOR YOUR USE/FILES</u>
	<u>AS REQUESTED</u>
	<u>FOR REVIEW & COMMENT</u>

REMARKS

Updated materials as a result of Lease Audit.

10/6 - Audit info is
the same as database.

Patricia Schreiberman
 Signature: Patricia Schreiberman

10-21-97 CA-LW-21A-000320-023
 Date

LEASE SYNOPSIS
Crown Disposal Co., Inc.
Sun Valley / Tuxford
(Bradley Yards)
Los Angeles County
Approximately .82 acres
(Undeveloped)
(Lease dated March 16, 1994)

I. SUMMARY OF TERMS

A. PROPERTY LOCATION	BRADLEY YARDS
B. PROPERTY SIZE	.82 ACRES (38,719 S.F.)
C. PERMITTED USE	STORAGE OF RUBBISH DISPOSAL BOXES, VEHICLES AND RELATED EQUIPMENT
D. INITIAL BASE MONTHLY RENT / NET	\$2,800.00
E. INITIAL RATE @ SQUARE FOOT	\$.0783
F. TERM	MONTH-TO-MONTH
G. LEASE COMMENCEMENT	MARCH 17, 1994
H. LEASE EXPIRATION	MONTH-TO-MONTH
I. TOTAL PRO-FORMA CONSIDERATION (INCLUDING MINIMUM UPS)	N/A
J. CONCESSIONS	NONE
K. ADJUSTED CONSIDERATION	N/A
L. IMPROVEMENT ALLOWANCE	NONE
M. SECURITY DEPOSIT	\$5,000.00
N. ANNUAL INCREASE	N/A
O. INCREASE MONTH	N/A
P. EXPENSE STOP	N/A
Q. TAX PROTECTION / EXPENSE CAP	N/A
R. EXPENSE ZONE	N/A

II. MISCELLANEOUS NOTES

CROWN DISPOSAL CO., INC.
SUN VALLEY / TUXFORD
(BRADLEY YARDS)
Los Angeles County
Approx. .82 acres

Updated: 10/14/97
By: P. Schreibman

			Base Rent	Pre-Paid	CAM	Discount	Total to Bill
	1994						
01	Mar 17 - Mar 30		\$1,306.67	\$0.00	\$0.00	\$0.00	\$1,306.67
02	Apr 01 - Apr 31	(1)	\$2,800.00	\$0.00	\$0.00	\$0.00	\$2,800.00

- (1) Month-to-Month term cancellable the first day of each calendar month by either Landlord or Tenant with a minimum thirty (30) day prior written notice to the other.



CalMat Co

CHANGE NOTICE NO. 97002

EFFECTIVE 3/18 19 97

CALMAT CO. DIVISION Properties

SITE NAME

Bradley Yards

PROPERTY FILE NO.

CA-LW-21A-000320-62

CITY

Sun Valley

COUNTY

Los Angeles - Western

PERMANENT SITE NO.

COST CENTER OR OPERATING NO.

TAX PARCEL NO.

CA-LW-21A

8247

A portion of APN:
2538-010-002

NATURE OF CHANGE

New Lease: CROWN DISPOSAL

GROSS ACRES 35,719 s.f.

NET ACRES
N/A

DESCRIPTION OF CHANGE

Term: Month-to-Month, commencing March 18, 1994.

Base Rent: \$2,800.00

Security Deposit: \$5,000.00

BRIEF PROPERTY DESCRIPTION

See Map Attached

DISTRIBUTION:

Added 1/28/97 *h*

DATE 1/20/97 *m*

Gene R. Block
Gene R. Block

LEASE SUMMARY

TENANT NAME: CROWN DISPOSAL CO., INC.

CONTACT: John Richardson

ADDRESS: Pendleton Street, Sun Valley CA (Undeveloped)

LOCATION: Sun Valley Bradley Yards

CODE: 8247

PROPERTY TAX NO.: 2538-010-002

SUITE NO. N/A

RENTABLE SQ.FT.: 35,719

I. SUMMARY OF TERMS

A.	BASE RENT PER SQ. FT.	
B.	EFFECTIVE RATE ON BASE RENT	\$0.08
C.	BASE CAM CHARGE	\$0.08
D.	INITIAL BASE MONTHLY RENT	N/A
E.	TERM	\$2,800.00
F.	LEASE COMMENCEMENT	Mo to Mo
G.	LEASE EXPIRATION	March 18, 1994
H.	TOTAL LEASE CONSIDERATION (INCLUDING CAMS)	Thirty Day Notice N/A

II. CONCESSIONS

I.	RENT ABATEMENT:	
J.	ADJUSTED CONSIDERATION:	None
K.	IMPROVEMENT ALLOWANCE:	
L.	SECURITY DEPOSIT:	
M.	ANNUAL INCREASE:	\$ 5,000.00
N.	EXPENSE STOP:	N/A
O.	TAX PROTECTION:	N/A

III. MISCELLANEOUS NOTES

OTHER TERMS:

Tenant is required to maintain a \$1,000,000 Liability Insurance policy, naming CalMat as Additional Insured.

CODE
13

FOR PREV. ASSEMT. SEC.
2-08-20 1.0

TRACT NO. 7554

M. B. 98-96-97

TRACT NO. 9329

M. B. 179-9-10

BRADLEY

PENDLETON ST.

CHRIS

RANDALL ST.

Chew Dis Co, Inc
0.82 ac
American building
0.77 ac

6
Ac
Reside



City of Los Angeles
Department of City Planning

01/24/2007

PARCEL PROFILE REPORT

PROPERTY ADDRESSES

9014 N BRADLEY AVE
9000 N BRADLEY AVE
8980 N BRADLEY AVE
8970 N BRADLEY AVE
8960 N BRADLEY AVE

ZIP CODES

91352

RECENT ACTIVITY

None

CASE NUMBERS

CPC-4493
CASE-4493
ORD-92679
COC-94-49
MND-92-472-SUB
MND-94-101-SUB

Address/Legal Information

PIN Number:	195B173 80
Area (Calculated):	238,807.7 (sq ft)
Thomas Brothers Grid:	PAGE 502 - GRID J7
Assessor Parcel Number:	2408036048
Tract:	TR 9329
Map Reference:	M B 179-9/10
Block:	None
Lot:	FR 6
Arb (Lot Cut Reference):	None
Map Sheet:	195B169 195B173

Jurisdictional Information

Community Plan Area:	Sun Valley - La Tuna Canyon
Area Planning Commission:	North Valley
Neighborhood Council:	Sun Valley
Council District:	CD 6 - Tony Cardenas
Census Tract #:	1211.00
LADBS District Office:	Van Nuys

Planning and Zoning Information

Special Notes:	None
Zoning:	M3-1-G
Zoning Information (ZI):	ZI-2355 Environmental Justice Improvement Area Heavy Manufacturing See Plan Footnotes Sun Valley
General Plan Land Use:	None
Plan Footnote - Site Req.:	None
Additional Plan Footnotes:	None
Specific Plan Area:	None
Historic Preservation Overlay Zone:	None
Historical Cultural Monument:	None
Mills Act Contract Number:	None
POD - Pedestrian Oriented Districts:	None
CDO - Community Design Overlay:	None
Streetscape:	No
Sign District:	No
Adaptive Reuse Incentive Area:	None
35% Density Bonus:	Not Eligible
CRA - Community Redevelopment Agency:	None
Central City Parking:	No
Downtown Parking:	No
Building Line:	None
500 Ft School Zone:	No

Assessor Information

Assessor Parcel Number:	2408036048
Parcel Area (Approximate):	238,795.9 (sq ft)
Use Code:	010V - Residential Vacant Land
Building Class:	Data Not Available
Assessed Land Val.:	\$2,094,534
Assessed Improvement Val.:	\$0
Year Built:	None
Last Owner Change:	01/06/99
Last Sale Amount:	\$0
Number of Units:	0
Number of Bedrooms:	0
Number of Bathrooms:	0
Building Square Footage:	0.0 (sq ft)
Tax Rate Area:	13

Deed Reference No.: No

Additional Information

Airport Hazard:	None
Coastal Zone:	None
Farmland:	Area not Mapped
Very High Fire Hazard Severity Zone:	No
Fire District No. 1:	No
Fire District No. 2:	Yes
Flood Zone:	None
Hazardous Waste / Border Zone Properties:	No
Methane Hazard Site:	Methane Zone
High Wind Velocity Areas:	YES
Hillside Grading:	No
Oil Wells:	None
Alquist-Priolo Fault Zone:	No
Distance to Nearest Fault:	Within Fault Zone
Landslide:	No
Liquefaction:	No

Economic Development Areas

Business Improvement District:	None
Federal Empowerment Zone:	None
Renewal Community:	No
Revitalization Zone:	None
State Enterprise Zone:	None
Targeted Neighborhood Initiative:	None

Public Safety

Police Information:	
Bureau:	Valley
Division / Station:	Foothill
Report District:	1676
	1683
Fire Information:	
District / Fire Station:	77
Batallion:	12
Division:	3
Red Flag Restricted Parking:	No

CASE SUMMARIES

Note: Information for Case Summaries is Retrieved from the Planning Department's Plan Case Tracking System (PCTS) Database.

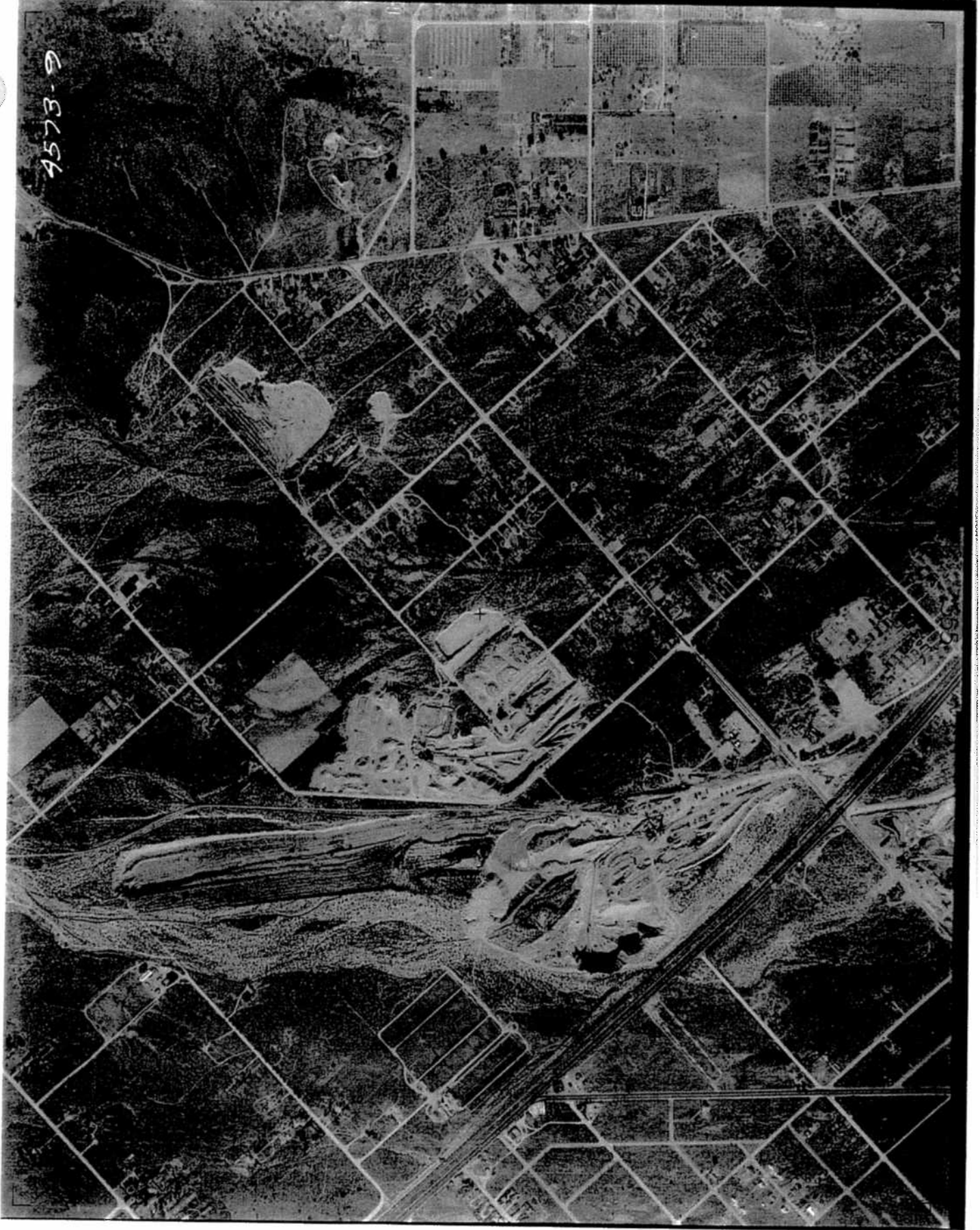
Case Number: MND-92-472-SUB
Required Action(s): SUB-SUBDIVISIONS
Project Description(s): Data Not Available

Case Number: MND-94-101-SUB
Required Action(s): SUB-SUBDIVISIONS
Project Description(s): Data Not Available

DATA NOT AVAILABLE

CPC-4493
CASE-4493
ORD-92679
COC-94-49

9573-9





4-21-58

1123

23119

1:6000

1-11

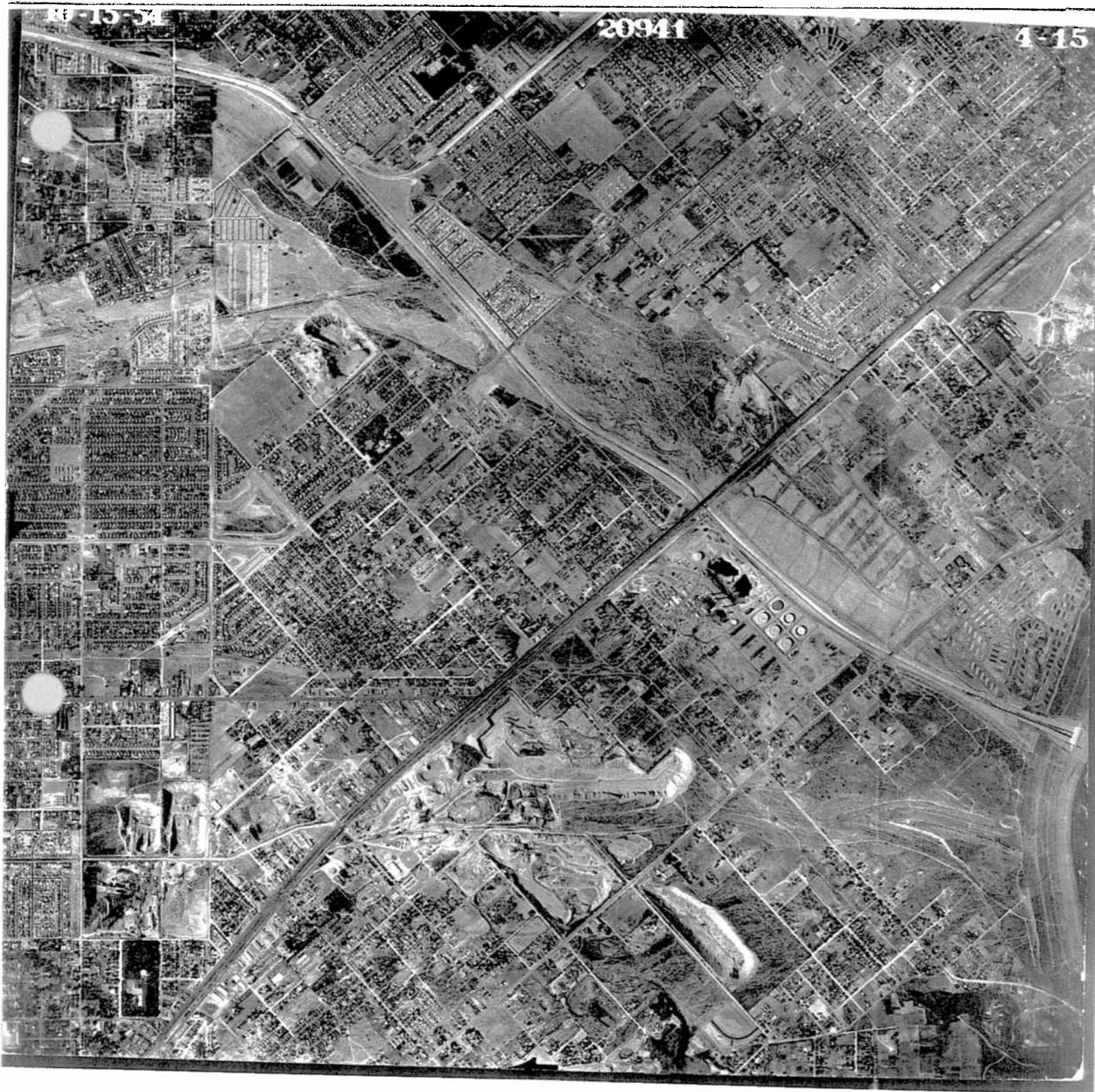




19-15-34

20941

4-15



12-10-52

1-60





6-7-46

10340

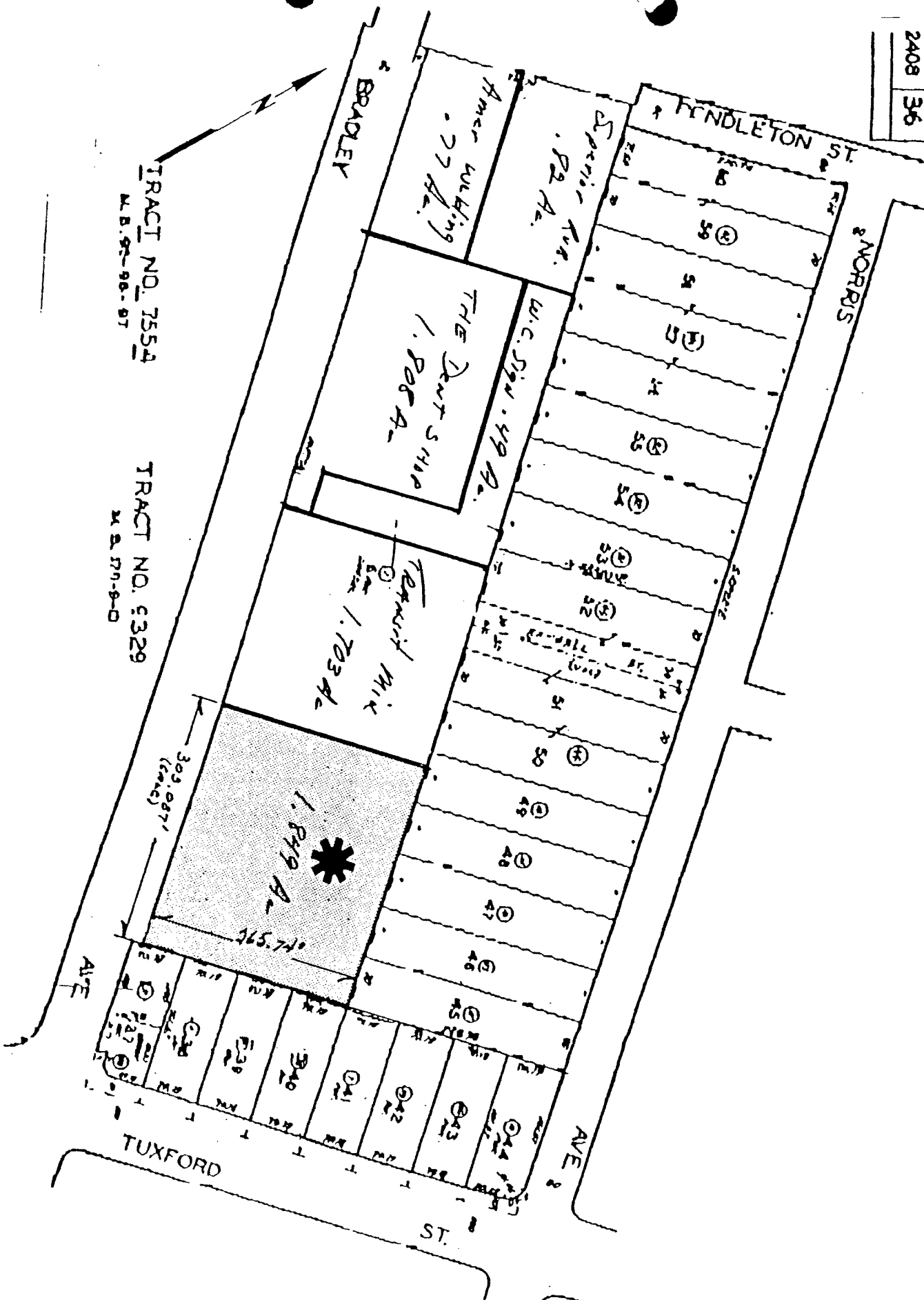
2-29



9-25-41

192





TRACT NO. 7554
M.B. 95-96-97

TRACT NO. 9329
M.B. 97-98-99

12456 Branford St.

9. Month to Month Tenancy Agreement between Conrock Corporation and Byers Tree Firewood Service, Lease Commenced August 2, 1983
10. Lease Termination agreement with Byers Tree Firewood Service, Lease Terminated February 15, 1988
11. Notice of Non-Acceptance of Recorded Deed, 1996
12. Purchase and Sale Agreement and Joint Escrow Instructions between Cal Mat Land and Sunquest Development LLC, March 9, 1999
13. Interoffice Memo, Purchase and Sale Agreement (with amendments) between Calmat and Sunquest Development, LLC, Sale of 12450 Branford Street in Sun Valley California on March 9, 1999, dated January 13, 2000
14. Summary of Transaction, December 21, 1999
15. Internal File, Summary of Sale Transaction at 12450 Branford Street, Various Documents Regarding Sale of Branford Parcel to Sunquest LLC

MONTH TO MONTH TENANCY AGREEMENT

THIS AGREEMENT (hereinafter called "Lease") is entered into this 2 day of ^{AUG}~~July~~, 1983, by and between CONROCK CO., a Delaware corporation (hereinafter called "Landlord"), and OLIN BYERS and KATHRYN BYERS dba BYERS TREE FIREWOOD SERVICE (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), consisting of approximately 2.4 acres as shown in blue on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Lease shall be month to month commencing on September 1, 1983.

3. Rental. Tenant shall pay to Landlord a monthly rental of Seven Hundred Fifty Dollars (\$750.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits

with Landlord the sum of Seven Hundred Fifty Dollars (\$750.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

5. Improvements to the Premises. Tenant leases the Premises "as is". Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. In the event such approval is given, construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of

this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

6. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except storage of firewood. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease.

7. Maintenance and Repair. Tenant leases Premises in an "as is" condition based upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives provisions of law, including Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such

repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all rubbish and debris and property required to be removed and turn over the Premises to Landlord in good order and in a safe sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe and sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

8. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

9. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq.,

(referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

10. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises.

Tenant waives all claims against Landlord for damage to person or property arising for any reason.

11. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor or any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

12. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: Conrock Co.
3200 San Fernando Road
Los Angeles, CA 90065

To Tenant: Byers Tree Firewood Service
13222 Kagel Canyon Street
Pacoima, CA 91311

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

13. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

14. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas and all similar charges which may accrue with respect to the Premises during the term of this Lease.

15. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

16. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

17. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either

party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

18. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

19. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

20. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

21. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

CONROCK CO.

By *Gene R. Bloch*
Vice President

Olin Ray Byers
Olin Byers

Kathryn Byers
Kathryn Byers



CalMat Co

CHANGE NOTICE NO. 472EFFECTIVE 10-14 1987

CALMAT CO DIVISION Concrete and Aggregate

SITE NAME Branford ParcelPROPERTY FILE NO. CA-LW-CITY Los AngelesCOUNTY Los Angeles-Western

PERMANENT SITE NO.

COST CENTER OR OPERATING NO.

TAX PARCEL NO.

CA-LWL08352629-002-003

NATURE OF CHANGE

Agreement-Byers Tree ServiceGROSS ACRES ±2.59

NET ACRES

DESCRIPTION OF CHANGE

Effective 10-14-87 CalMat entered into an agreement with Byers Tree Firewood Service.

1. Lease shall terminate as of 2-15-88.
2. CalMat agrees to buy remaining firewood for \$10.00 as of 2-15-88.
3. Byers agrees to vacate before 2-16-88.
4. CalMat has postponed sale of premises until 2-16-88.

BRIEF PROPERTY DESCRIPTION

See attached Map.

DISTRIBUTION:

☒ WM. JENKINS☒ A.F. GERSTELL☒ T. LINDEN☒ M.J. KERSTETTER☐ R. EVANS☒ S. WILCOTT☐ J.S. MILLS☐ T. KELLEHER☐ P. POULSEN☐ AREA SUPV.☒ R. CRAIK☒ A. ORTIZ☒ D. DRUM☒ FILEDATE 11-12-87Teri Maltese

PROPERTY MANAGER

25° 89'58'55"
90°03'35" 89°50'05"

795 62
12301-17

RANFORD ST.

60

60
AVENUE

6514
12301-17

HADDON AVE.

37 B.L.
A2-1-G

ORD 10
150
(T)P-1-G

M3-1-G
A.C.F. C.D. PROP.
P-1-G

8 125
(T)P-1-G

M2-1-G

276

C.P.C.

-G

MACLAY

AGREEMENT

This agreement ("Agreement") is made this 14 day of OCT., 1987, between Olin Byers and Cathryn Byers, dba Byers Tree Firewood Service, hereinafter called "Byers," and CalMat Co., hereinafter called "CalMat."

Recitals

A. Byers and CalMat are Tenant and Landlord, respectively, under a month to month lease ("Lease") dated August 2, 1983 of certain real property in the Sun Valley area of the City of Los Angeles on Bradford Street between San Fernando Road and Laurel Canyon Boulevard (the "Premises").

B. CalMat has entered into an agreement to sell the Premises to a third party. Said third party will not accept the Premises while the Lease is in existence or while Tenant is otherwise in possession of the Premises.

C. As an accommodation to Byers, CalMat has agreed to postpone the date of the sale of the Premises so as to allow Byers additional time beyond the otherwise required thirty (30) day notice period to sell Byers' inventory of firewood on the Premises and vacate the Premises.

D. Byers desire to sell to CalMat, and CalMat desires to buy, all of the firewood, if any, remaining on the Premises as of February 15, 1988.

Agreement

1. Byers and CalMat agree that the Lease shall terminate as of February 15, 1988.
2. Byers agrees to sell, and CalMat agrees to buy, FOB the Premises, all firewood, if any, remaining on the Premises as of February 15, 1988, for the sum of Ten Dollars (\$10.00), receipt of which is hereby acknowledged.
3. Byers hereby agrees to vacate the Premises not later than February 15, 1988 and authorizes CalMat Co. to enter upon the Premises on or after February 15, 1988 to remove the firewood purchased hereunder.
4. Byers acknowledges that CalMat has accommodated Byers by postponing the sale of the Premises to a third party to a date after February 15, 1988, that CalMat will incur additional costs and risk by such postponement, that CalMat could otherwise terminate the Lease on thirty (30) days' notice issued at any time, and that considering the totality of circumstances, the agreed upon sum of \$10.00 is a fair and reasonable sum for said firewood, if any, which is subject to the sale evidenced herein.
5. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party for reason of any breach or alleged breach of the other party of this Agreement, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses, including attorneys' fees, from the other party.

IN WITNESS WHEREOF, the parties hereto have set their
hands.

BYERS

J. W. Ray Byers
Kathryn Byers

CALMAT CO.

By Brian W. Farris
Asst. Secretary

**CalMat Co**CHANGE NOTICE NO. 212EFFECTIVE 6-1 19 86

①	CALMAT CO DIVISION CONROCK	
	SITE NAME Boulevard	PROPERTY FILE NO. 017-07-08
	CITY Los Angeles	COUNTY Los Angeles
	PERMANENT SITE NO. 017	COST CENTER OR OPERATING NO. 0003
		TAX PARCEL NO. 2629-002-03
②	NATURE OF CHANGE Rent Increase	
	GROSS ACRES 2.4 ⁺ NET ACRES 2.4 ⁺	
③	DESCRIPTION OF CHANGE Effective June 1, 1986 monthly rental under lease to Olin and Kathy Byers dba Byers Tree Firewood Service will be increased from \$800 to 850.	
④	BRIEF PROPERTY DESCRIPTION See attached map	

DISTRIBUTION:

✓	WM. JENKINS	✓	P. McCART
	A.F. GERSTELL	✓	R. CRAIK
✓	T. LINDEN	✓	D. DRUMM
	M.J. KERSTETTER	✓	C. HAUSER
	R. EVANS	✓	D. LEE
	S. WILCOTT		
✓	J.S. MILLS		
✓	T. KELLEHER		
	P. POULSEN		
	AREA SUPV.		

DATE April 24, 1986

PROPERTY MANAGER

Gene R. Block

25° 58' 55"
90° 03' 35" 89° 58' 05"

795 62
12301-17

RANFORD ST.

60 73

60

AVENUE

6514
12301-17

HADDON AVE.

A 2-1-G

ORD 107

(T) P-1-G

M 3-1-G
C. D. PROP.

P-1-G

(T) P-1-G

M 2-1-G

276

C.P.C.

1-G

MACLAY

CalMat Co

3200 SAN FERNANDO ROAD/P.O. BOX 2950/LOS ANGELES, CALIFORNIA 90051/(213) 258-2777



April 17, 1986

Byers Tree Firewood Service

Personal Privacy

Attn: Olin and Kathy Byers

Dear Olin and Kathy Byers:

Reference is made to the month to month lease dated August 2, 1983 between Conrock Co. (now known as CalMat Co.) and Olin and Kathryn Byers dba Byers Tree Firewood Service.

Since May 1, 1985 the rental for this property has been \$800/mo. This letter hereby serves notice that effective June 1, 1986 the rental fee for this property will be raised to \$850/mo.

If at any time you ever have any questions, please do not hesitate to contact me.

Sincerely,

Gene R. Block
Vice President, Property

GRB:md

cc: Pam McCart ✓

CalMat Co

3200 SAN FERNANDO ROAD/P.O. BOX 2950/LOS ANGELES, CALIFORNIA 90051/(213) 258-2777



April 1, 1985

Byers Tree Firewood Service

Personal Privacy

Attn: Olin and Kathy Byers

Dear Olin and Kathy Byers:

Since commencing the Tenancy Agreement between CalMat Co. (formerly Conrock Co.) and Byers Tree Firewood Service, the rental fee has been \$750.00 per month. This letter hereby serves as written 30 days notice that as of May 1, 1985, the rental fee will now be \$800.00 per month.

If at any time you ever have any questions concerning this Tenancy Agreement, please do not hesitate to contact me.

Sincerely,

Michael M. Krystkiewicz
Assistant Property Manager

MMK/sac

cc: Gene Block

~~Steven Poulsen~~

CalMat Co

3200 SAN FERNANDO ROAD/P.O. BOX 2950/LOS ANGELES, CALIFORNIA 90051/(213) 258-2777



April 1, 1985

Byers Tree Firewood Service

Personal Privacy

Attn: Olin and Kathy Byers

Dear Olin and Kathy Byers:

Since commencing the Tenancy Agreement between CalMat Co. (formerly Conrock Co.) and Byers Tree Firewood Service, the rental fee has been \$750.00 per month. This letter hereby serves as written 30 days notice that as of May 1, 1985, the rental fee will now be \$800.00 per month.

If at any time you ever have any questions concerning this Tenancy Agreement, please do not hesitate to contact me.

Sincerely,

Michael M. Krystkiewicz
Assistant Property Manager

MMK/sac

cc: Gene Block
Preben Poulsen

(u)

file 1569

GIBBS, GIDEN, LOCHER & ACRET

ATTORNEYS AT LAW

ONE CENTURY PLAZA, 34TH FLOOR

2029 CENTURY PARK EAST

LOS ANGELES, CALIFORNIA 90067-3039

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DANA M. RUDNICK
JILL R. SCHECTER

STEVEN R. CUNEO, JR.
JOHN F. HEUER

OF COUNSEL
JAMES ACRET
JOHN H. STEPHENS
BARRY C. VAUGHAN
RONALD S. SOFEN

November 13, 1996

OUR FILE NO 812.124

Mr. Wanyne M. Tsuda, LEA Program Director
Department of Environmental Affairs
201 North Figueroa Street, Suite 200
Los Angeles, CA 90012

Attention: Joe Maturino, LEA Program Manager

Delwin A. Biagi, Director
Department of Public Works
Bureau of Sanitation
Suite 1400, City Hall East
200 North Main Street
Los Angeles, CA 90012

Re: Branford Landfill - Closed Site Inspection Report

Gentlemen:

The undersigned represents CalMat Co. ("CalMat") with respect to the referenced matter, and this letter is in response to Mr. Biagi's letter to Mr. Tsuda's office (to the attention of Mr. Maturino) dated October 31, 1996.


CalMat is not the current owner of record of the subject property. Enclosed herewith is a copy of a Notice of Non-Acceptance of Recorded Deed recorded March 15, 1996 with the Los Angeles County Clerk and Recorder's office under instrument number 96 421021. Also enclosed is a copy of a letter from the undersigned to James Hahn, Los Angeles City Attorney, dated February 9, 1996, confirming CalMat's refusal of the tendered quitclaim deed referenced in your letter. Any responsibility for the site accordingly remains with the City of Los Angeles.

received
11/14/96 *ca*

Mr. Wanyne M. Tsuda, LEA Program Director
Delwin A. Biagi
November 13, 1996
Page 2

If you have any question or comment regarding the foregoing, please feel free to contact the undersigned.

Very truly yours,


Barry C. Vaughan
for GIBBS, GIDEN, LOCHER & ACRET

BCV:whb
Enclosures

cc: Brian W. Ferris, Esq.
Mr. George Cosby
Mr. Don McAbee
Keith Pritsker, Esq.
Teresa Lujan, Esq.
Mr. Laurance B. Israel

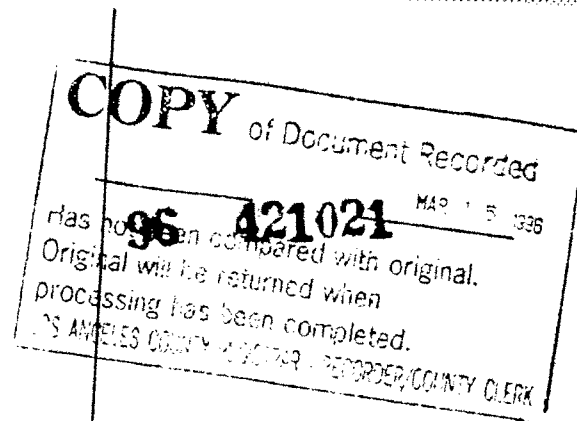
BAVAUGHAN\CALMAT\DUNLAP\LTR\
WMT-DAB.001

Recording Requested by:

CalMat Co.

When Recorded Mail to:

Barry C. Vaughan, Esq.
Gibbs, Giden, Locher & Acret
2029 Century Park East, 34th Floor
Los Angeles, California 90067-3039



(Space above for use of Recorder's Office)

NOTICE OF NON-ACCEPTANCE OF RECORDED DEED

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(Govt. Code 27361.6)

Recording Requested by:

CalMat Co.

When Recorded Mail to:

Barry C. Vaughan, Esq.
Gibbs, Giden, Locher & Acret
2029 Century Park East, 34th Floor
Los Angeles, California 90067-3039

(Space above for use of Recorder's Office)

NOTICE OF NON-ACCEPTANCE OF RECORDED DEED

Notice is hereby given that CalMat Co., a Delaware corporation, refuses and does not accept that certain Quitclaim Deed executed September 13, 1994 and recorded December 20, 1995 as Instrument No. 95-2023047 in the Official Records of the Los Angeles County Recorder's Office.

By said Quitclaim Deed the City of Los Angeles, a municipal corporation purports to remise, release and forever quitclaim to CalMat Co. real property in the City of Los Angeles, County of Los Angeles, State of California, described in Exhibit "A" attached hereto and which is also known by the Assessor Parcel No. 2629-001-900.

Dated: 2/27/96

CalMat Co.

by Brian W. Ferris
Assistant Secretary

EXHIBIT "A"

That portion of Block 259, the Maclay Rancho, as per map recorded in Book 37, Pages 5 to 16, inclusive, Miscellaneous Records of Los Angeles County, bounded and described as follows:

Beginning at a point in the southwesterly line of said Block 259, distant thereon 350 feet northwesterly from the most southerly corner of said Block 259; thence continuing northwesterly along said southwesterly line 732.77 feet to a line parallel with and distant 300 feet southeasterly, measured at right angles from the northwesterly line of said Block 259; thence northeasterly along said parallel line 920.51 feet; thence southeasterly, parallel with the southwesterly line of said Block 259, a distance of 380 feet to a line parallel with and distant 680 feet southeasterly measured at right angles from said northwesterly line of said Block 259; thence southwesterly along said last mentioned parallel line 200 feet to a line parallel with and distant 600 feet southwesterly measured at right angles from the southwesterly line of San Fernando Road, 70 feet wide, as described in deed to the City of Los Angeles, recorded in Book 21239, Page 44, Official Records of Los Angeles County; thence southeasterly along said last mentioned parallel line 352.49 feet to a line parallel with and distant 350 feet northwesterly measured at right angles from the southeasterly line of said Block 259; thence southwesterly in a direct line 720.07 feet to the point of beginning.

SUBJECT to covenants, conditions, restrictions, reservations, easements, rights and rights-of-way of record or which are apparent from a visual inspection of the above described real property.

EXCEPTING AND RESERVING unto the City of Los Angeles any interest in the fee of any adjacent streets or alleys which would otherwise pass with the conveyance of the above-described real property.

EXCEPTING AND RESERVING unto the City of Los Angeles, all oil, gas, water and mineral rights now vested in the City of Los Angeles without, however the right to use the surface of said land or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals.

CALIFORNIA ALL-PURPOSE
ACKNOWLEDGMENT

State of California
County of Los Angeles }

On March 5, 1996, before me, Maureen A. Bayon, a Notary Public, personally appeared Brian W. Ferris - Assistant Secretary,

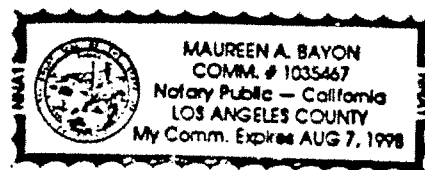
☒ personally known to me

OR

☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

FOR NOTARY SEAL OR STAMP



WITNESS my hand and official seal.

Maureen A Bayon
Signature of Notary

[TUE/03-05-96/00:44p/mab]
c:\docs\mab\notary\bwf

GIBBS, GIDEN, LOCHER & ACRET

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JILL R. SCHECTER
OF COUNSEL
JAMES ACRET
JOHN H. STEPHENS
BARRY C. VAUGHAN

February 9, 1996

BY CERTIFIED MAIL RETURN RECEIPT REQUESTED

OUR FILE NO 0812.124

James K. Hahn, Esq.
City Attorney
Marcia Haber Kamine, Esq.
Assistant City Attorney
Teresa Lujan, Esq.
Deputy City Attorney
CITY OF LOS ANGELES
1800 City Hall East
200 N. Main St.
Los Angeles, CA 90012

Re: *William Dunlap, et al. v CalMat Properties Co.*,
Los Angeles County Superior Court, Case No. BC 130 273

Quitclaim Deed, Los Angeles County Recorder's Instrument No. 95 2023047

Gentlepeople:

The undersigned represents CalMat Properties Co. and CalMat Co. ("hereinafter collectively referred to as "CalMat") in connection with the litigation and deed referred to above. It has come to our attention that, unbeknownst to CalMat, your client the City of Los Angeles on September 14, 1994 executed that certain Quitclaim Deed which was recorded in the office of the Los Angeles County Recorder's Office on December 20, 1995 under instrument number 95 2023047.

Please be advised that CalMat refuses and does not accept either this deed or the title which the deed purports to convey. The original of this deed is enclosed herewith and hereby returned to your client the City of Los Angeles.

Title to the subject property accordingly remains in the City of Los Angeles, and the City remains the owner of the property.

James K. Hahn, Esq.
City Attorney
Marcia Haber Kamine, Esq.
Assistant City Attorney
Teresa Lujan, Esq.
Deputy City Attorney
CITY OF LOS ANGELES
February 9, 1996
Page 2

If you have any question or comment regarding the foregoing, please do not hesitate to call at your convenience.

Yours very truly,


Barry C. Vaughan
for GIBBS, GIDEN, LOCHER & ACRET

cc: CalMat Co.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

James K. Hahn, Esq.
CITY OF LOS ANGELES
1800 City Hall East
200 N. Main Street
Los Angeles, CA 90012

4a. Article Number

P 140 627 130

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

2/12/96

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X J Hubbard

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 140 627 130

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		James K. Hahn, Esq.	
Street & Number		200 N. Main Street	
Post Office, State, & ZIP Code		Los Angeles, CA 90012	
Postage		\$ 0.32	
Certified Fee		1.10	
Special Delivery Fee			
Restricted Delivery Fee			
Return Receipt Showing to Whom & Date Delivered		1.10	
Return Receipt Showing to Whom, Date, & Addressee's Address			
TOTAL Postage & Fees		\$ 2.52	
Postmark or Date		2-9-96	

PS Form 3800, April 1995

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Agreement") is made this 9th day of March, 1999 by and between **CALMAT LAND CO.**, a California corporation ("Seller"), and **SUNQUEST DEVELOPMENT LLC**, a California limited liability company ("Buyer").

RECITALS

A. Seller is the owner of the following parcel of vacant land in Sun Valley, County of Los Angeles, State of California: approximately 12.53 acres located at 12450 Branford Street, APN 2629-001-001, as described in Exhibit "A" attached hereto and incorporated herein (the "Property").

B. Seller desires to sell and Buyer desires to purchase the Property, for the consideration and on the other terms and conditions hereinafter set forth.

AGREEMENT

1. **Purchase and Sale.** Seller agrees to sell, convey and deliver to Buyer and Buyer agrees to purchase and accept from Seller, the Property, on the terms and conditions contained hereinafter.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property is Five Million Three Hundred Twenty-One Thousand Six Hundred Sixteen Dollars (\$5,321,616.00). The Purchase Price shall be paid by Buyer as follows:

(a) Deposit by Buyer into escrow upon opening of escrow of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) (the "Initial Deposit") by certified check drawn on a California bank approved by Seller. On or before the expiration of the "Due Diligence Period" (defined below), Buyer shall deposit into escrow an additional Twenty-Five Thousand Dollars (\$25,000.00) (the "Additional Deposit") by certified check drawn on a California bank approved by Seller. The Initial Deposit and the Additional Deposit, together with any interest earned thereon, are together referred to herein as the "Deposit". Any failure by Buyer to timely make the Initial Deposit or the Additional Deposit to shall be a material default of Buyer hereunder, and shall entitle Seller to terminate and cancel this Agreement, in addition to all other remedies of Seller. The Deposit will be nonrefundable to Buyer upon expiration of the Due Diligence Period. The Deposit will be applied to the Purchase Price in the event the purchase and sale of the Property closes as contemplated hereunder.

(b) At least one (1) business day before close of escrow, Buyer shall have on deposit in escrow, in funds immediately available for disbursement to Seller on the date specified for close of escrow, the balance of the Purchase Price, plus any additional amounts required to pay Buyer's expenses as provided below.

3. **Escrow and Closing.** Within five (5) business days after mutual execution by Buyer and Seller of three (3) copies of this Agreement, Buyer and Seller shall open an escrow at Commerce Escrow Company, 1545 Wilshire Boulevard, Los Angeles, California, 90017, Attn: Phil Graf ("Escrow Holder"), in order to consummate the purchase and sale of the Property. A fully executed copy of this Agreement shall be deposited with Escrow Holder and shall constitute the instructions of the parties as to the terms and conditions of escrow. Escrow Holder's "General Provisions" are hereby incorporated by reference. In the event of a conflict between this Agreement and the General Provisions, the terms of this Agreement shall prevail. The escrow shall close on or before 60 days after the expiration of the Due Diligence Period, which date shall be no later than 120 days after the opening of escrow.

4. **Closing Costs.** The cost of a standard CLTA title insurance policy as hereinafter described shall be paid by Seller. If Buyer desires extended coverage and/or an ALTA policy, Buyer shall pay the additional cost of such extended coverage or ALTA policy, as the case may be, over a CLTA policy. In any event, Buyer shall be solely responsible for obtaining any survey necessary. The escrow fee shall be borne one-half by Seller and one-half by Buyer. Seller shall pay all documentary transfer taxes payable in connection with the recordation of the grant deed. Buyer and Seller shall pay, respectively, Escrow Holder's customary charges to Buyer and Seller for drafting, recording and miscellaneous charges.

5. **Election to Exchange.** Both Buyer and Seller agree to accommodate each other in effecting a tax deferred exchange under Internal Revenue Code §1031. Each party shall have the right, expressly reserved herein, to elect a tax deferred exchange at any time before the close of escrow (including, without limiting the foregoing, Seller's right to substitute an accommodating party as seller of the Property); provided, however, that closing the sale of the Property shall not be predicated or conditioned on an exchange or exchanges, and without in any way limiting the foregoing, the closing of escrow for the Property as provided herein shall not be contingent, delayed or otherwise subject to the closing of any other escrow. Also, neither Buyer nor Seller shall be required to take title to any real property other than the Property to accommodate the other party's exchange.

If a party elects to effect a tax deferred exchange, the other party shall promptly execute all amendments to this Agreement, escrow instructions pertaining to the exchange transaction and all other documents as may be necessary to carry out such an exchange; provided, however, that the accommodating party shall have the right to approve any and all such documents (which approval shall not be unreasonably withheld), and the accommodating party shall have no liability to the other party or to any other person for any act or omission, condition, representation, warranty, defect in title, or other matter concerning the exchange.

Neither Seller nor Buyer shall be obligated to incur any greater cost or expense due to the other party's exchange(s) than would have been the case in a purchase of the Property as otherwise specified in this Agreement. Buyer and Seller shall each hold the other harmless from any liability, damages, or costs, including reasonable attorneys' fees, that may arise from the accommodating party's participation in an exchange.

6. Tests and Studies.

(a) Buyer's obligation to purchase the Property is subject to Buyer's approval, deemed approval or waiver, during the Due Diligence Period, of those tests and studies of the Property Buyer desires to make, to be conducted by Buyer at Buyer's sole cost and expense for a period of sixty (60) days from the opening of escrow (the "Due Diligence Period"). Buyer shall promptly commence, and diligently in good faith pursue, its due diligence review hereunder. Buyer, Buyer's representatives, and/or authorized agents may enter on the Property during the Due Diligence Period to make tests or other studies of the Property; provided, however, that (i) Buyer shall not interfere with the use of the Property by Seller or any tenant; (ii) Buyer shall not conduct any invasive testing of the Property without the express prior written consent of Seller; (iii) Buyer shall pay for all tests and studies; (iv) Buyer shall keep the Property free and clear of any liens; (v) Buyer shall promptly repair all damage to the Property arising out of or caused by such entry or the tests and studies; and (vi) Buyer shall release, defend, indemnify and hold Seller harmless from and against any and all liabilities, claims, demands, damages or costs of any kind whatsoever including, but not limited to, those caused by Seller's passive negligence (including attorneys' fees, expert and consultant fees and costs of litigation) arising from or in connection with such entry or the tests and studies. The foregoing shall be continuing obligations of Buyer surviving any termination of this Agreement, and surviving the close of escrow and the conveyance of the Property by Grant Deed.

(b) Buyer shall have until the end of the Due Diligence Period to deliver to Seller a written notice disapproving the Property for purchase by Buyer. Failure to so notify Seller in writing by the end of the Due Diligence Period shall be conclusively deemed Buyer's approval of the Property for purchase by Buyer without qualification or condition. In the event Buyer does not approve the Property for purchase, this Agreement shall terminate without liability of either party therefor (except for those provisions which expressly survive such termination), and Escrow Holder shall release the Initial Deposit to Buyer less title and escrow charges, if any.

(c) Buyer shall keep the results of all tests and studies confidential and shall not disclose the results thereof to any outside parties other than its lenders, principals, affiliates or clients or as otherwise required by law; provided that each outside party shall, prior to its receipt of any such results, agree to keep all such information confidential. Buyer shall give Seller not less than two (2) business days prior notice of its intent to enter the Property. Said notice shall specify the day and time of each such entry and Seller may, in Seller's discretion, accompany Buyer during any such entry.

7. Title Condition and Deed.

(a) Promptly after the opening of escrow, Seller shall order and have delivered to Buyer a preliminary title report with copies of all documents referenced as exceptions therein (collectively, the "Report") from Chicago Title Company covering the Property. Buyer shall have ten (10) days after its receipt of the Report to deliver to Seller in writing any objections to the Property or the condition of title as set forth therein; provided, however, Buyer shall not

object to (i) a lien to secure payment of real estate taxes, not delinquent; or (ii) matters affecting the condition of title suffered or created with the consent of Buyer.

Failure of Buyer to object, by notice to Seller in writing, to any exception shown in the Report within said ten (10) day period shall be conclusively deemed Buyer's approval of the Report.

(b) Within five (5) days of Seller's receipt of Buyer's notice of objection to any title exception, Seller shall notify Buyer in writing of Seller's election whether or not to cure such objection.

(c) Should Seller elect not to cure, then within three (3) days of receipt of Seller's notice, Buyer shall elect to either (i) terminate this Agreement without any liability of either party therefor, or (ii) accept the Property without any reduction of the Purchase Price and without liability of Seller. If Seller elects to cure, Seller shall do so prior to the close of escrow.

(d) Buyer agrees and acknowledges that, unless Seller has elected to cure as set forth in Section 7(b) above, Buyer's sole and exclusive remedy in the event Seller elects not to cure any disapproved exception shall be Buyer's election of either option (i) or (ii) in Section 7(c) above. Buyer's failure to notify Seller in writing within the three (3) day time period specified above of its election of option (i) or (ii) shall be deemed an election of option (ii).

(e) At close of escrow Seller shall convey the Property to Buyer by Grant Deed, subject to those matters and restrictions of record appearing on the Report. Title shall be evidenced by the willingness of Chicago Title Company or other reputable title insurance company approved by Buyer and Seller to issue its CLTA standard owner's form policy of title insurance in the amount of the Purchase Price showing title to the Property vested in Buyer subject only to the exceptions and matters as shown on the Report and any exceptions described in Sections 7(a)(i) and (ii) above (the "Title Policy"). Without limiting the foregoing, Buyer acknowledges that approximately four (4) acres of the Property is subject to that certain Lease with the City of Los Angeles Bureau of Sanitation dated April 17, 1995, for a term expiring August 16, 2005.

8. **Condition of Property; Disclaimer; Release.** As an essential inducement to Seller to enter into this Agreement, Buyer acknowledges, understands and agrees to, as of the date hereof and as of the closing date, the following Sections 8(a) through 8(g):

(a) Buyer acknowledges that by the terms of this Agreement it is afforded access to the Property and that it shall conduct its own investigation of the Property. Buyer represents to Seller that as of close of escrow, Buyer will have made all inquiries, inspections, tests, audits, studies and analyses that it deems necessary or desirable in connection with purchasing the Property, and will have approved the results thereof (including, but not limited to, engineering tests, environmental assessments and audits, economic feasibility studies, land use and development entitlements and restrictions, soils and geological reports and tests and inquiries of governmental authorities). Buyer hereby acknowledges that it is relying solely on its

own independently developed inspections, tests, audits, studies and investigations conducted in connection with, and on Buyer's own judgment and verified information with respect to, its purchase of the Property, and is not relying on any representation or statement of Seller, or any data, materials or other information supplied by Seller.

(b) BUYER FURTHER ACKNOWLEDGES THAT (i) THE CITY OF LOS ANGELES BUREAU OF SANITATION OPERATED A LANDFILL (KNOWN AS THE "BRANFORD LANDFILL") ADJACENT TO AND INCLUDING A PORTION OF THE PROPERTY, APPROXIMATELY BETWEEN THE YEARS 1945 AND 1986, AND (ii) A RELEASE OR SUSPECTED RELEASE OF HAZARDOUS SUBSTANCES MAY HAVE OCCURRED IN CONNECTION WITH SUCH USE, AND (iii) THE BRANFORD LANDFILL HAS BEEN THE SUBJECT OF SCREENING BY THE ENVIRONMENTAL PROTECTION AGENCY AND THE STATE OF CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL AND MAY BE SUBJECT TO FURTHER INVESTIGATION AND/OR ACTION.

(c) SELLER HEREBY DISCLAIMS AND SHALL NOT BE LIABLE FOR ANY AND ALL VERBAL AND/OR WRITTEN STATEMENTS, CONVERSATIONS, REPRESENTATIONS AND INFORMATION, IF ANY, MADE OR GIVEN BY SELLER OR ANY OF SELLER'S AGENTS OR EMPLOYEES, OR ANY OTHER PERSON TO BUYER, TO ANY AGENT OR EMPLOYEE OF BUYER, OR TO ANY OTHER PERSON WITH RESPECT TO ANY ASPECT OR FEATURE OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY INFORMATION RELATED TO THE PROPERTY'S VALUE, CONDITION, OR COMPLIANCE WITH LAWS, THE SOILS AND GEOLOGY OF THE PROPERTY, THE EXISTENCE OR AVAILABILITY OF ANY PERMITS OR APPROVALS FROM ANY GOVERNMENTAL AUTHORITIES, OR THE EXISTENCE OF ANY HAZARDOUS SUBSTANCES ON THE PROPERTY). ALL SUCH STATEMENTS, CONVERSATIONS, REPRESENTATIONS AND INFORMATION, IF ANY, ARE MERGED INTO AND SUPERSEDED BY THIS AGREEMENT, AND BUYER HEREBY AGREES THAT BUYER SHALL NOT BE ENTITLED TO RELY UPON ANY SUCH STATEMENTS, CONVERSATIONS, REPRESENTATIONS OR INFORMATION.

(d) BUYER IS A SOPHISTICATED PURCHASER WHO IS FAMILIAR WITH THE OWNERSHIP AND OPERATION OF REAL ESTATE SIMILAR TO THE PROPERTY AND BUYER HAS OR WILL HAVE ADEQUATE OPPORTUNITY TO COMPLETE ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER IT DEEMS NECESSARY, AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE TITLE POLICY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER.

(e) ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY IS SOLELY FOR BUYER'S CONVENIENCE AND WAS OR WILL BE OBTAINED FROM A VARIETY OF SOURCES AND SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF

SUCH INFORMATION. SELLER SHALL NOT BE LIABLE FOR ANY NEGLIGENT MISREPRESENTATION OR ANY FAILURE TO INVESTIGATE THE PROPERTY NOR SHALL SELLER BE BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, APPRAISALS, ENVIRONMENTAL ASSESSMENT REPORTS, OR OTHER INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF, FURNISHED BY SELLER, OR BY ANY REAL ESTATE BROKER, AGENT, REPRESENTATIVE, AFFILIATE, DIRECTOR, OFFICER, SHAREHOLDER, EMPLOYEE, SERVANT OR OTHER PERSON OR ENTITY ACTING ON SELLER'S BEHALF.

(f) BUYER IS BUYING THE PROPERTY "AS IS" AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, OF ANY KIND WHATSOEVER, BY SELLER, ITS AGENTS, BROKERS, CONSULTANTS, COUNSEL, EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, TRUSTEES OR BENEFICIARIES OR ANY OTHER PERSON. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER ACKNOWLEDGES THAT SELLER EXPRESSLY DISCLAIMS AND NEGATES, AS TO THE PROPERTY: (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY; (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO SAMPLES OF MATERIALS; (D) ANY IMPLIED OR EXPRESS WARRANTY WITH RESPECT TO THE CONDITION OF THE PROPERTY, THE COMPLETENESS OR ACCURACY OF ANY DOCUMENTS DELIVERED TO BUYER BY SELLER, THE PROPERTY'S COMPLIANCE WITH ANY ZONING OR OTHER APPLICABLE RULES, REGULATIONS, LAWS OR STATUTES, OR THE USES PERMITTED ON, THE DEVELOPMENT REQUIREMENTS FOR, OR ANY OTHER MATTER OR THING RELATING TO THE PROPERTY OR ANY PORTION THEREOF.

BUYER ACKNOWLEDGES THAT, TO THE EXTENT REQUIRED TO BE OPERATIVE, THE DISCLAIMERS OF WARRANTIES CONTAINED IN THIS SECTION 8(f) ARE "CONSPICUOUS" DISCLAIMERS FOR PURPOSES OF ANY APPLICABLE LAW, RULE, REGULATION OR ORDER.

THE FOREGOING SECTIONS 8(a) THROUGH 8(f) SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT OR THE CLOSING DATE, AND SHALL NOT BE DEEMED TO HAVE MERGED INTO ANY OF THE DOCUMENTS EXECUTED OR DELIVERED AT THE CLOSE OF ESCROW.

(g) WITHOUT LIMITING THE FOREGOING, AS A CONTINUING OBLIGATION SURVIVING THE CLOSE OF ESCROW AND THE CONVEYANCE OF THE PROPERTY BY GRANT DEED, BUYER SHALL, FROM AND AFTER THE CLOSE OF ESCROW, RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS SELLER AND "SELLER'S RELEASEES" (AS HEREINAFTER DEFINED) FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, CLAIM, COSTS AND EXPENSE (INCLUDING WITHOUT LIMITATION ACTUAL ATTORNEYS' FEES, CHARGES AND COSTS) AND ANY OTHER LIABILITY WHATSOEVER, WHETHER FORESEEN OR UNFORESEEN, ARISING OUT

OF OR RELATING TO THE CONDITION OF THE PROPERTY OR ANY PORTION THEREOF. "SELLER'S RELEASEES" SHALL BE SELLER AND THE SUCCESSORS AND ASSIGNS OF SELLER (INCLUDING WITHOUT LIMITATION AN ACCOMMODATION PARTY SUBSTITUTED AS SELLER FOR PURPOSES OF EFFECTING AN EXCHANGE), THE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS, STOCKHOLDERS, AND THE PARENTS, SUBSIDIARIES AND AFFILIATED COMPANIES OF SELLER AND ITS SUCCESSORS AND ASSIGNS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS, STOCKHOLDERS, SUBSIDIARIES AND AFFILIATED COMPANIES, AND EACH OF THEM. WITHOUT LIMITING THE FOREGOING, FROM AND AFTER THE EXECUTION OF THIS AGREEMENT, THE PROVISIONS OF THIS SECTION 8 SHALL CONTINUE TO BE EFFECTIVE WITH RESPECT TO EACH SELLER'S RELEASEE IRRESPECTIVE OF WHETHER THEREAFTER SUCH SELLER'S RELEASEE ASSIGNS OR HAS PURPORTED TO ASSIGN OR OTHERWISE DISPOSE OF ITS INTEREST OR ANY PORTION OF ITS INTEREST, UNDER THIS AGREEMENT, OR IN THE PROPERTY.

9. **Possession, Risk of Loss.** Possession of the Property and all risk of loss shall be given to Buyer at the close of escrow.

10. **Brokerage Commissions.** Buyer and Seller hereby acknowledge and represent that there are no broker's commissions or finder's fees due in connection with this transaction except a commission to CB Richard Ellis ("CB"), which shall be paid by Seller only upon close of escrow pursuant to a separate agreement between Seller and CB. Buyer and Seller shall each hold harmless and indemnify the other from any claims of brokers, agents or finders, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party with respect to the transaction contemplated hereunder except as disclosed above.

11. **Liquidated Damages.** SELLER AND BUYER AGREE THAT THE DAMAGES THAT WOULD BE SUFFERED BY SELLER IN THE EVENT OF A DEFAULT BY BUYER HEREUNDER IN PURCHASING THE PROPERTY WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THE DEPOSIT REPRESENTS THE REASONABLE ESTIMATE BY THE PARTIES OF THE AMOUNT OF THE DAMAGES THAT SELLER WOULD SUFFER BY REASON OF BUYER'S DEFAULT PARTICULARLY IN VIEW OF THE FACT THAT SELLER IS TAKING THE PROPERTY OFF THE MARKET, WHICH SELLER WOULD NOT DO BUT FOR THE AGREEMENT OF BUYER TO PURCHASE THE PROPERTY. ACCORDINGLY, IN THE EVENT OF A DEFAULT BY BUYER HEREUNDER, SELLER SHALL RECEIVE AND RETAIN THE DEPOSIT OF \$150,000.00, INCLUDING INTEREST ACCRUED THEREON, AS LIQUIDATED DAMAGES. SAID SUM SHALL BE IN ADDITION TO AND SHALL NOT BE DEEMED TO INCLUDE ANY ATTORNEYS' FEES WHICH MAY BECOME DUE SELLER PURSUANT TO SECTION 13 HEREOF. IF AND WHEN SELLER BECOMES ENTITLED TO RECEIVE SUCH LIQUIDATED DAMAGES IN ACCORDANCE WITH THE PROVISIONS HEREOF, ESCROW HOLDER IS HEREBY INSTRUCTED TO IMMEDIATELY DELIVER THE DEPOSIT TO SELLER. BY INITIALING THIS

PROVISION IN THE SPACE BELOW, SELLER AND BUYER EACH SPECIFICALLY
AFFIRMS THEIR RESPECTIVE OBLIGATIONS UNDER THIS SECTION 11.

Seller

Initial here:

Buyer

Initial here:

12. **Prorations and Approved Costs.** All current and nondelinquent installments of real property taxes on the Property shall be prorated through escrow as of the date escrow closes on the basis of a 30-day month.

13. **Attorneys' Fees.** Should any party hereto institute any action or proceeding to enforce any provision hereof by reason of the alleged breach of this Agreement, the prevailing party shall be entitled to receive from the losing party such amount as the court may adjudge to be reasonable attorneys' fees, expert fees, and consultant fees for services rendered to the prevailing party, and other costs of litigation.

14. **Conflicts.** In the event of a conflict between the provisions of this Agreement and the provisions of any other documents executed or purported to be executed between the parties prior to the date hereof, the provisions contained in this Agreement shall in all instances govern and prevail.

15. **Disbursements and Other Actions by Escrow Holder.** Upon the close of escrow, Escrow Holder shall perform the following in the manner hereinbelow indicated:

(a) Disburse to Seller all funds deposited with Escrow Holder by Buyer in payment of the Purchase Price for the Property after deducting therefrom all items chargeable to the account of Seller pursuant to this Agreement;

(b) Cause the Grant Deed and any other documents that the parties hereto may mutually direct to be recorded in the Official Records of the county in which the Property is located;

(c) Cause the Title Policy to be delivered to Buyer; and

(d) Deliver to Seller conformed copies of all documents recorded at close of escrow.

16. **Notices.** All notices, demands, and requests under this Agreement by either party shall be hand delivered or sent by United States first class mail, certified or express, postage prepaid, or by a national express courier such as Federal Express, U.P.S., etc., or sent by telecopier or facsimile transmission with confirmation of receipt, and addressed to the parties as follows:

"Seller"

CalMat Land Co.
3200 San Fernando Road.
Los Angeles, CA 90065
Attn: Scott J Wilcott
Attn: Brian W. Ferris

With a copy to:

CalMat Properties Co.
8885 Rio San Diego Drive, Suite 240
San Diego, CA 92108
Attn: Patricia Schreibman

"Buyer"

Sunquest Development LLC
3200 Airport Drive #18
Santa Monica, CA 90405
Attn: Randall H. Roth

Notices, demands, and requests served in the above manner shall be considered sufficiently given or served for all purposes under this Agreement at the time the notice, demand or request is actually delivered to the addresses shown above during normal business hours, or otherwise the next business day.

17. **No Assignment.** Buyer shall not assign or attempt to assign this Agreement, or any rights hereunder, without the prior written consent of Seller. Without limitation, Seller shall have the right to condition its consent to Buyer's assignment upon satisfaction of the following requirements: (a) Seller shall receive notice of the identity of, and the reasonable background and credit information concerning, the proposed assignee not later than ten (10) business days prior to the scheduled Closing Date, and (b) Buyer shall remain fully and primarily liable under this Agreement subsequent to any such assignment. Any assignment or purported assignment which has not received Seller's prior written consent shall be null and void and of no force and effect whatsoever.

18. **Interpretation.** Unless the context of this Agreement clearly requires otherwise, (a) plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine and neuter genders shall each be deemed to include the others; (c) "or" is not exclusive; and (d) "includes" and "including" are not limiting. Time is of the essence for each and every term, condition, covenant, obligation and provision of this Agreement.

This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each party has been or has had the opportunity to be represented by experienced and knowledgeable counsel. Accordingly, any rule of law (including California Civil Code §1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

19. **Severability.** If any portion of this Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be severed from this Agreement and the remaining parts hereof shall remain in full force and effect as fully as though such invalid, illegal or unenforceable portion had never been part of this Agreement; provided the remaining Agreement can be reasonably and equitably enforced.

20. **Binding of Successors.** Subject to the limitations set forth in Section 17 above, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

21. **Required Actions of Buyer and Seller.** Buyer and Seller agree to execute all such instruments and documents and to take all actions (including the deposit of funds in addition to such funds as may be specifically provided for herein) as may be required in order to consummate the purchase and sale herein contemplated and shall use their best efforts to accomplish the close of escrow in accordance with the provisions hereof.

22. **Governing Law and Venue.** The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be interpreted and construed pursuant to and in accordance with the laws of the State of California. The parties select Los Angeles County, California as the proper and sole venue for any action filed to enforce, construe or interpret this Agreement.

23. **Headings.** Section headings have been inserted in this Agreement as a matter of convenience only; such Section headings are not a part of this Agreement and shall not be used in the interpretation of this Agreement.

24. **Entire Agreement.** This Agreement constitutes the final, complete and exclusive statement of terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

25. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

26. **No Third Party Benefit.** Except as provided in Section 20, the parties acknowledge and agree that the provisions of this Agreement are for the sole benefit of the parties hereto and are not for the benefit, directly or indirectly, of any other person or entity.

27. **Confidentiality; Return of Proprietary Information.**

(a) Buyer shall treat all information of whatsoever nature provided to it under the terms of this Agreement ("Proprietary Information") as confidential and Buyer shall not disclose such Proprietary Information to third parties not involved in Buyer's evaluation of the

Property, without the prior written approval of Seller, unless Buyer is legally required to provide such information to a governmental agency or pursuant to legal process. The Proprietary Information shall not include any information which is, or becomes, generally available to the public other than as a result of a disclosure by Buyer, or was in Buyer's possession prior to it being furnished by Seller. The provisions of this Section 27(a) shall expire upon the close of escrow and conveyance of the Property to Buyer hereunder.

(b) In the event the purchase and sale contemplated hereby fails to close for any reason whatsoever, Buyer shall return to Seller, or cause to be returned to Seller, all Proprietary Information, and shall deliver to Seller all reports and analyses of the Property prepared by or at the request of Buyer. Further, Buyer agrees not to use or allow to be used any Proprietary Information for any purpose other than to determine whether to proceed with the contemplated purchase, or if same is consummated, in connection with the ownership or operation of the Property post-closing. The provisions of this Section 27(b) shall survive the closing date or the termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

"SELLER"

CALMAT LAND CO., a California corporation

By:
Title: President

"BUYER"

SUNQUEST DEVELOPMENT LLC, a California limited liability company

By:
Title: Partner

DESCRIPTION

THAT PORTION OF BLOCK 259, OF THE MACLAY RANCHO EX-MISSION OF SAN FERNANDO, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 37 PAGES 5, ET SEQ. OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID BLOCK 259; THENCE NORTHEASTERLY ON THE NORTHWESTERLY LINE OF SAID BLOCK 259, 1296.97 FEET TO THE WESTERLY TERMINUS OF THE CURVE DESCRIBED IN THE DEED TO THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, RECORDED IN BOOK 21239 PAGE 44, OFFICIAL RECORDS, AS CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 20 FEET; THENCE EASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 31.44 FEET; THENCE SOUTHEASTERLY ALONG THE SOUTHWESTERLY LINE OF SAN FERNANDO ROAD, 70 FEET WIDE, AS DESCRIBED IN SAID DEED, TO A LINE PARALLEL WITH AND DISTANT 680 FEET SOUTHEASTERLY MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 259; THENCE SOUTHWESTERLY ALONG SAID PARALLEL LINE 400 FEET TO THE SOUTHEASTERLY TERMINUS OF THE LINE DESCRIBED IN THE DEED TO THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, IN DEED RECORDED DECEMBER 13, 1948, AS INSTRUMENT NO. 822, IN BOOK 28928 PAGE 137, OFFICIAL RECORDS, AS BEING PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID BLOCK 259 AND HAVING A LENGTH OF 380 FEET; THENCE NORTHWESTERLY ALONG SAID LAST-MENTIONED LINE, 380 FEET TO A LINE PARALLEL WITH AND DISTANT 300 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 259; THENCE SOUTHWESTERLY ALONG SAID PARALLEL LINE 920.51 FEET TO THE SOUTHWESTERLY LINE OF SAID BLOCK 259; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE 300 FEET TO THE POINT OF BEGINNING.

EXHIBIT "A"

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Third Amendment") is entered into as of July 29, 1999, by and between CALMAT LAND CO., a California corporation ("Seller") and SUNQUEST DEVELOPMENT LLC, a California limited liability company ("Buyer").

Recitals

A. Buyer and Seller entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated March 9, 1999, concerning that certain real property located in Sun Valley, California and more particularly described in the Agreement. The Agreement was subsequently amended on April 28, 1999 pursuant to those certain Amended and/or Supplemental Escrow Instructions (the "First Amendment"). Thereafter, the Agreement was amended a second time on June 11, 1999, pursuant to the Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Second Amendment"). The Agreement, the First Amendment, and the Second Amendment are referred to collectively herein as the "Purchase Agreement." All capitalized terms used herein shall have the same meaning as set forth in the Purchase Agreement unless otherwise indicated.

B. Buyer and Seller now desire to further amend the Purchase Agreement as set forth below.

NOW, THEREFORE, in consideration of the above recitals and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Buyer shall deliver into escrow the remaining \$25,000 of the Additional Deposit on or before Tuesday, August 3, 1999.
2. Pursuant to Paragraph 3 of the Purchase Agreement, the close of escrow is hereby extended to November 30, 1999.
3. Pursuant to Paragraphs 6 and 7 of the Purchase Agreement, the Due Diligence Period is hereby extended through and including September 30, 1999. Buyer shall have until the expiration of the Due Diligence Period to deliver to Seller, in writing, any objection to the Property or the condition of title to the Property.
4. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Third Amendment and those of the Purchase Agreement, the terms of this Third Amendment shall prevail.

5. This Third Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Third Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.,
a California corporation

By: 

Name: SCOTT J. WILCOTT

Title: PRESIDENT

BUYER:

SUNQUEST DEVELOPMENT LLC, a
California limited liability company

By: R.H. Estates, Inc.,
Manager

By: _____
Randall Roth,
President

5. This Third Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Third Amendment as of the date first set forth above.

SELLER:

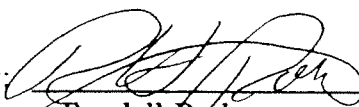
CALMAT LAND CO.,
a California corporation

By: _____
Name: _____
Title: _____

BUYER:

SUNQUEST DEVELOPMENT LLC, a
California limited liability company

By: R.H. Estates, Inc.,
Manager

By:  _____
Randall Roth,
President

FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Fourth Amendment") is entered into as of September 30, 1999, by and between CALMAT LAND CO., a California corporation ("Seller") and SUNQUEST DEVELOPMENT, LLC, a California limited liability company ("Buyer").

Recitals

A. Buyer and Seller entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated March 9, 1999, concerning that certain real property located in Sun Valley, California and more particularly described in the Agreement. The Agreement was subsequently amended on April 28, 1999 pursuant to those certain Amended and/or Supplemental Escrow Instructions (the "First Amendment"). Thereafter, the Agreement was amended a second time on June 11, 1999, pursuant to the Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Second Amendment"). Thereafter, the Agreement was amended a third time on July 29, 1999, pursuant to the Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Third Amendment"). The Agreement, the First Amendment, the Second Amendment and the Third Amendment are referred to collectively herein as the "Purchase Agreement." All capitalized terms used herein shall have the same meaning as set forth in the Purchase Agreement unless otherwise indicated.

B. Buyer and Seller now desire to further amend the Purchase Agreement as set forth below.

NOW, THEREFORE, in consideration of the above recitals and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Pursuant to Paragraph 3 of the Purchase Agreement, the close of escrow is hereby extended to December 7, 1999. ✓
2. Pursuant to Paragraphs 6 and 7 of the Purchase Agreement, the Due Diligence Period is hereby extended through and including October 15, 1999. Buyer shall have until the expiration of the Due Diligence Period to deliver to Seller, in writing, any objection to the Property or the condition of title to the Property.
3. On or before October 5, 1999, Buyer shall deliver into Escrow an additional deposit in the amount of Twenty-Five Thousand Dollars (\$25,000), which additional deposit shall be applicable to the Purchase Price.
4. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full

force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Fourth Amendment and those of the Purchase Agreement, the terms of this Fourth Amendment shall prevail.

5. This Fourth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Fourth Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.,
a California corporation

By: _____

Name: Scott J Wilcott
Title: President

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager

By: _____
Randall Roth.
President

force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Fourth Amendment and those of the Purchase Agreement, the terms of this Fourth Amendment shall prevail.

5. This Fourth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Fourth Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.,
a California corporation

By: _____
Name: _____
Title: _____

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager


By: 
Randall Roth,
President



3200 San Fernando Road
Los Angeles, CA 90065

CalMat Division

**INTEROFFICE
MEMORANDUM**

To: Karen Shollenburg
From: Amy Lorber 
Date: January 13, 2000
Re: Sale of 12450 Branford St.
Sun Valley, CA

Attached for the files are the following original documents (some signatures are in counter-part) in connection with this sale:

1. Purchase and Sale Agreement and Joint Escrow Instructions dated March 9, 1999, together with the following Amendments:
 - (a) First Amendment dated April 28, 1999;
 - (b) Second Amendment dated June 11, 1999;
 - (c) Third Amendment dated July 29, 1999;
 - (d) Fourth Amendment dated September 30, 1999;
 - (e) Fifth Amendment dated October 15, 1999; and
 - (f) Sixth Amendment dated October 22, 1999
2. Assignment and Assumption of Lease dated December 21, 1999.

AEL:cb
Attachments

[Thu/01-13-00/03:53p/jft]
W:\AEL\MEMOS\SHOLLENB.002

CA-LW-18C-000348-50D.

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE ("Assignment"), dated for identification purposes only December 27, 1999, is made and entered into by and between CALMAT CO., a Delaware corporation ("Assignor") and SUNQUEST DEVELOPMENT LLC, a California limited liability company ("Assignee").

RECITALS

A. CalMat Land Co. ("CalMat") and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated March 9, 1999, as amended ("Purchase Agreement") whereby CalMat agreed to sell to Assignee certain real property as set forth therein (the "Property"). The Purchase Agreement is incorporated herein by this reference as though set forth in full. All capitalized terms not defined herein shall have the definitions set forth in the Purchase Agreement.

B. Assignor desires to assign to Assignee, as of the Closing Date, Assignor's interest as landlord in that certain Lease between Assignor and the City of Los Angeles dated April 17, 1995 (the "Lease"). Assignee desires to accept such assignment and assume the obligations of the landlord under the Lease as of the Closing Date.

C. For and in consideration of the consummation of the transaction specified in the Purchase Agreement, and in order to consummate such transaction, Assignor and Assignee enter into and execute this Assignment.

ASSIGNMENT AND ASSUMPTION

1. **Assignment and Assumption.** For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby transfers and assigns to Assignee all of Assignor's right, title and interest in, to and under the Lease, and Assignee hereby accepts such assignment and assumes and agrees to perform and comply with and to be bound by all terms, covenants, agreements, provisions and conditions of the Lease on and after the Closing Date, in the same manner and with the same force and effect as if Assignee had originally executed the Lease. This Assignment is made without any representations or warranties whatsoever, express or implied.

2. **Indemnification.** Assignor shall indemnify, defend and hold harmless Assignee and Assignee's parents, subsidiaries, and affiliates, and their respective officers, directors, trustees, shareholders, partners, members, employees, agents, attorneys, successors and assigns (collectively, the "Assignee Indemnitees"), from and against any and all liabilities, losses, damages, costs and expenses (including without limitation reasonable attorneys fees and costs) arising out of any action or cause of action accruing under the Lease prior to the Closing Date (excluding actions arising out of the gross negligence or willful misconduct of the

Assignee Indemnitees). Assignee shall indemnify, defend and hold harmless Assignor and Assignor's parents, subsidiaries, and affiliates, and their respective officers, directors, trustees, shareholders, partners, members, employees, agents, attorneys, successors and assigns (collectively, the "Assignor Indemnitees"), from and against all liabilities, losses, damages, costs, and expenses (including without limitation reasonable attorneys fees and costs) arising out of any action or cause of action accruing under the Lease on or after the Closing Date (excluding actions arising out of the gross negligence or willful misconduct of the Assignor Indemnitees).

3. **Attorneys' Fees.** In the event of any litigation or proceeding between the parties hereto for breach of or to enforce any provision or right hereunder, the unsuccessful party shall pay to the successful party all reasonable costs and expenses, including but not limited to reasonable attorneys' fees, incurred by the successful party. The successful party shall be the party who, in the light of the issues litigated and the court's decisions on those issues, was more successful in the action. The more successful party need not be determined to be the party who recovers a judgment in the action. An action shall include proceedings in bankruptcy court.

4. **Successors.** This Assignment shall be binding upon and inure to the benefit of each of the parties hereto and to their respective successors and assigns.

5. **Counterparts.** This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute but one and the same agreement.

6. **Governing Law.** This Assignment shall be governed by and construed in accordance with the laws of the State of California.

7. **Modifications.** This Assignment may not be altered, amended or modified in any respect unless the same is in writing and signed by the party to be charged.

8. **Severability.** Wherever possible, each provision of this Assignment shall be interpreted so as to be valid under applicable law, but if any provision shall be invalid or prohibited thereunder, such provision shall be effective to the extent of such prohibition without invalidating the remainder of such provision or the remaining provisions of this Assignment which shall remain fully binding and in full force and effect.

9. **Headings.** The headings of the paragraphs of this Assignment are inserted solely for convenience of reference and are not a part of, and are not intended to govern, limit or aid in the construction of, any term or provision hereof.

/////

IN WITNESS WHEREOF, the parties have executed this Assignment effective as of the date first above written.

"ASSIGNOR"

CALMAT CO., a Delaware corporation

By: 

Title: *Vice President*

"ASSIGNEE"

SUNQUEST DEVELOPMENT LLC, a
California limited liability company

By: Roth Properties, Inc., a California
corporation, Managing Member

By:

Randall Roth, President

December 14, 1999
W:\LGL_ATTYS\ORBER\BRANFORD\SUNQUEST\ASSI-LEA.001

IN WITNESS WHEREOF, the parties have executed this Assignment effective as of the date first above written.

"ASSIGNOR"

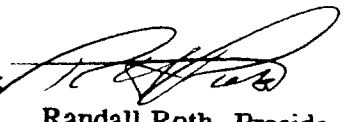
CALMAT CO., a Delaware corporation

By: _____
Title: _____

"ASSIGNEE"

SUNQUEST DEVELOPMENT LLC, a
California limited liability company

By: Roth Properties, Inc., a California
corporation, Managing Member

By: 
Randall Roth, President

December 13, 1999
W:\LGL_ATTYS\LOREBER\BRANFORD\SUNQUEST\ASSLLEA.001

**SIXTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT
ESCROW INSTRUCTIONS**

THIS SIXTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Sixth Amendment") is entered into as of October 22, 1999, by and between CALMAT LAND CO., a California corporation ("Seller") and SUNQUEST DEVELOPMENT, LLC, a California limited liability company ("Buyer").

Recitals

A. Buyer and Seller entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated March 9, 1999, concerning that certain real property located in Sun Valley, California and more particularly described in the Agreement. The Agreement was subsequently amended on April 28, 1999 pursuant to those certain Amended and/or Supplemental Escrow Instructions (the "First Amendment"). Thereafter, the Agreement was amended a second time on June 11, 1999, pursuant to the Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Second Amendment"). Thereafter, the Agreement was amended a third time on July 29, 1999, pursuant to the Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Third Amendment"). Thereafter, the Agreement was amended a fourth time on September 30, 1999, pursuant to the Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Fourth Amendment"). Thereafter, the Agreement was amended a fifth time on October 15, 1999, pursuant to the Fifth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Fifth Amendment"). The Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment are referred to collectively herein as the "Purchase Agreement." All capitalized terms used herein shall have the same meaning as set forth in the Purchase Agreement unless otherwise indicated.

B. Buyer and Seller now desire to further amend the Purchase Agreement as set forth below.

NOW, THEREFORE, in consideration of the above recitals and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Pursuant to Paragraph 7 of the Purchase Agreement, Buyer hereby accepts the condition of title to the Property without any reduction of the Purchase Price.
2. To the best of Seller's knowledge, Seller hereby represents and warrants to Purchaser that upon the Close of Escrow there shall be no leases or other agreements entitling

any person or entity to occupy or possess the Property except for that certain Lease dated April 17, 1995 between Seller and the City of Los Angeles.

3. Seller acknowledges that Purchaser is attempting to obtain for the benefit of Seller and Purchaser an indemnity from the City of Los Angeles ("City") with respect to certain environmental matters associated with the Branford Landfill (which includes a portion of the Property). Seller agrees that in the event Purchaser obtains an indemnity from the City affecting the Property, the Purchaser's indemnity under Paragraph 8(g) of the Purchase Agreement shall be automatically deemed to eliminate any indemnification obligation of Purchaser under Paragraph 8(g) of the Purchase Agreement to the extent, and only to the extent, that such indemnification is covered by the City's indemnification of Seller. Purchaser agrees to provide Seller with a copy of the final indemnification obtained from the City.

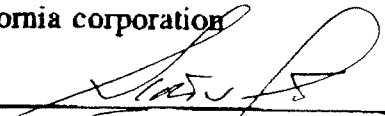
4. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Sixth Amendment and those of the Purchase Agreement, the terms of this Sixth Amendment shall prevail.

5. This Sixth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Sixth Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.,
a California corporation

By: 
Name: SCOTT J. WILCOX
Title: PRESIDENT

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager

By: _____
Randall Roth,
President

any person or entity to occupy or possess the Property except for that certain Lease dated April 17, 1995 between Seller and the City of Los Angeles.

3. Seller acknowledges that Purchaser is attempting to obtain for the benefit of Seller and Purchaser an indemnity from the City of Los Angeles ("City") with respect to certain environmental matters associated with the Branford Landfill (which includes a portion of the Property). Seller agrees that in the event Purchaser obtains an indemnity from the City affecting the Property, the Purchaser's indemnity under Paragraph 8(g) of the Purchase Agreement shall be automatically deemed to eliminate any indemnification obligation of Purchaser under Paragraph 8(g) of the Purchase Agreement to the extent, and only to the extent, that such indemnification is covered by the City's indemnification of Seller. Purchaser agrees to provide Seller with a copy of the final indemnification obtained from the City.

4. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Sixth Amendment and those of the Purchase Agreement, the terms of this Sixth Amendment shall prevail.

5. This Sixth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Sixth Amendment as of the date first set forth above.

SELLER:


CALMAT LAND CO.,
a California corporation

By: _____
Name: _____
Title: _____

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager

By: 
Randall Roth,
President

FIFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS FIFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Fifth Amendment") is entered into as of October 15, 1999, by and between CALMAT LAND CO., a California corporation ("Seller") and SUNQUEST DEVELOPMENT, LLC, a California limited liability company ("Buyer").

Recitals

A. Buyer and Seller entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated March 9, 1999, concerning that certain real property located in Sun Valley, California and more particularly described in the Agreement. The Agreement was subsequently amended on April 28, 1999 pursuant to those certain Amended and/or Supplemental Escrow Instructions (the "First Amendment"). Thereafter, the Agreement was amended a second time on June 11, 1999, pursuant to the Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Second Amendment"). Thereafter, the Agreement was amended a third time on July 29, 1999, pursuant to the Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Third Amendment"). Thereafter, the Agreement was amended a fourth time on September 30, 1999, pursuant to the Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Fourth Amendment"). The Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment are referred to collectively herein as the "Purchase Agreement." All capitalized terms used herein shall have the same meaning as set forth in the Purchase Agreement unless otherwise indicated.

B. Buyer and Seller now desire to further amend the Purchase Agreement as set forth below.

NOW, THEREFORE, in consideration of the above recitals and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Pursuant to Paragraph 6 of the Purchase Agreement, the Due Diligence Period is hereby extended through and including October 22, 1999. Buyer shall have until the expiration of the Due Diligence Period to deliver to Seller, in writing, any objection to the Property.

2. On or about April 2, 1999, pursuant to Paragraph 7 of the Purchase Agreement, Buyer delivered to Seller written notice of Buyer's disapproval of certain title matters affecting the Property. Seller hereby notifies Buyer that Seller elects not to cure any of the title matters disapproved by Buyer in Buyer's April 2, 1999 letter. Seller and Buyer agree that, notwithstanding anything to the contrary set forth in Section 7 of the Purchase Agreement, Buyer shall have until and including October 22, 1999 to elect to either (i) terminate the Purchase Agreement based on any title matter (whether or not previously

disapproved by Buyer) without any liability, or (ii) accept the condition of title to the Property without any reduction of the Purchase Price and without liability of Seller.

3. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Fifth Amendment and those of the Purchase Agreement, the terms of this Fifth Amendment shall prevail.

4. This Fifth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Fifth Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.,
a California corporation

By: _____

Name: _____

Title: _____

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager

By: _____
Randall Roth,
President

disapproved by Buyer) without any liability, or (iv) accept the condition of title to the Property without any reduction of the Purchase Price and without liability of Seller.

3. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Fifth Amendment and those of the Purchase Agreement, the terms of this Fifth Amendment shall prevail.

4. This Fifth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Fifth Amendment as of the date first set forth above.

SELLER:


CALMAT LAND CO.,
a California corporation

By: _____
Name: _____
Title: _____

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager

By: 
Randall Roth,
President

FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Fourth Amendment") is entered into as of September 30, 1999, by and between CALMAT LAND CO., a California corporation ("Seller") and SUNQUEST DEVELOPMENT, LLC, a California limited liability company ("Buyer").

Recitals

A. Buyer and Seller entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated March 9, 1999, concerning that certain real property located in Sun Valley, California and more particularly described in the Agreement. The Agreement was subsequently amended on April 28, 1999 pursuant to those certain Amended and/or Supplemental Escrow Instructions (the "First Amendment"). Thereafter, the Agreement was amended a second time on June 11, 1999, pursuant to the Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Second Amendment"). Thereafter, the Agreement was amended a third time on July 29, 1999, pursuant to the Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Third Amendment"). The Agreement, the First Amendment, the Second Amendment and the Third Amendment are referred to collectively herein as the "Purchase Agreement." All capitalized terms used herein shall have the same meaning as set forth in the Purchase Agreement unless otherwise indicated.

B. Buyer and Seller now desire to further amend the Purchase Agreement as set forth below.

NOW, THEREFORE, in consideration of the above recitals and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Pursuant to Paragraph 3 of the Purchase Agreement, the close of escrow is hereby extended to December 7, 1999.
2. Pursuant to Paragraphs 6 and 7 of the Purchase Agreement, the Due Diligence Period is hereby extended through and including October 15, 1999. Buyer shall have until the expiration of the Due Diligence Period to deliver to Seller, in writing, any objection to the Property or the condition of title to the Property.
3. On or before October 5, 1999, Buyer shall deliver into Escrow an additional deposit in the amount of Twenty-Five Thousand Dollars (\$25,000), which additional deposit shall be applicable to the Purchase Price.
4. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full

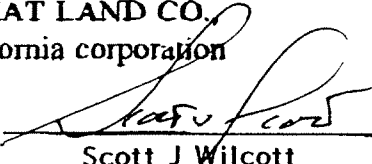
force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Fourth Amendment and those of the Purchase Agreement, the terms of this Fourth Amendment shall prevail.

5. This Fourth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Fourth Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.,
a California corporation

By: 
Name: Scott J. Wilcott
Title: President

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager

By: Randall Roth.
President

force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Fourth Amendment and those of the Purchase Agreement, the terms of this Fourth Amendment shall prevail.

5. This Fourth Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Fourth Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.,
a California corporation

By: _____
Name: _____
Title: _____

BUYER:

SUNQUEST DEVELOPMENT, LLC, a
California limited liability company

By: Roth Properties, Inc.,
Manager

By: 
Randall Roth,
President

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Third Amendment") is entered into as of July 29, 1999, by and between CALMAT LAND CO., a California corporation ("Seller") and SUNQUEST DEVELOPMENT LLC, a California limited liability company ("Buyer").

Recitals

A. Buyer and Seller entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated March 9, 1999, concerning that certain real property located in Sun Valley, California and more particularly described in the Agreement. The Agreement was subsequently amended on April 28, 1999 pursuant to those certain Amended and/or Supplemental Escrow Instructions (the "First Amendment"). Thereafter, the Agreement was amended a second time on June 11, 1999, pursuant to the Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions (the "Second Amendment"). The Agreement, the First Amendment, and the Second Amendment are referred to collectively herein as the "Purchase Agreement." All capitalized terms used herein shall have the same meaning as set forth in the Purchase Agreement unless otherwise indicated.

B. Buyer and Seller now desire to further amend the Purchase Agreement as set forth below.

NOW, THEREFORE, in consideration of the above recitals and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Buyer shall deliver into escrow the remaining \$25,000 of the Additional Deposit on or before Tuesday, August 3, 1999.
2. Pursuant to Paragraph 3 of the Purchase Agreement, the close of escrow is hereby extended to November 30, 1999.
3. Pursuant to Paragraphs 6 and 7 of the Purchase Agreement, the Due Diligence Period is hereby extended through and including September 30, 1999. Buyer shall have until the expiration of the Due Diligence Period to deliver to Seller, in writing, any objection to the Property or the condition of title to the Property.
4. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Third Amendment and those of the Purchase Agreement, the terms of this Third Amendment shall prevail.

5. This Third Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Third Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO,
a California corporation

By: _____

Name: _____

Title: _____

Scott Wilcott

Scott Wilcott

President

BUYER:

SUNQUEST DEVELOPMENT LLC, a
California limited liability company

By: R.H. Estates, Inc.,
Manager

By: _____
Randall Roth,
President

5. This Third Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Third Amendment as of the date first set forth above.

SELLER:

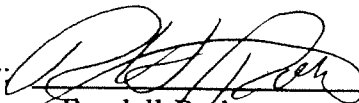
CALMAT LAND CO.,
a California corporation

By: _____
Name: _____
Title: _____

BUYER:

SUNQUEST DEVELOPMENT LLC, a
California limited liability company

By: R.H. Estates, Inc.,
Manager

By:  _____
Randall Both,
President

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Second Amendment") is entered into as of June 11, 1999, by and between CALMAT LAND CO., a California corporation ("Seller") and SUNQUEST DEVELOPMENT LLC, a California limited liability company ("Buyer").

Recitals

A. Buyer and Seller entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), dated March 9, 1999, concerning that certain real property located in Sun Valley, California and more particularly described in the Agreement. The Agreement was subsequently amended on April 28, 1999 pursuant to those certain Amended and/or Supplemental Escrow Instructions (the "First Amendment"). The Agreement and the Amendment are referred to collectively herein as the "Purchase Agreement." All capitalized terms used herein shall have the same meaning as set forth in the Purchase Agreement unless otherwise indicated.

B. Buyer and Seller now desire to further amend the Purchase Agreement as set forth below.

NOW, THEREFORE, in consideration of the above recitals and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Pursuant to Paragraph 2(a) of the Purchase Agreement, Buyer shall deliver into escrow \$25,000 of the Additional Deposit as of the date of this Second Amendment. Buyer shall deliver into escrow the remaining \$25,000 of the Additional Deposit upon the expiration of the Due Diligence Period.
2. Pursuant to Paragraph 3 of the Purchase Agreement, the close of escrow is hereby extended to August 31, 1999.
3. Pursuant to Paragraphs 6 and 7 of the Purchase Agreement, the Due Diligence Period is hereby extended through and including July 30, 1999. Buyer shall have until the expiration of the Due Diligence Period to deliver to Seller, in writing, any objection to the Property or the condition of title to the Property.
4. The Purchase Agreement is modified, amended and supplemented only to the extent set forth herein, and as so modified, amended and supplemented, shall remain in full force and effect between Seller and Buyer. In the event of any conflict between the provisions of this Second Amendment and those of the Purchase Agreement, the terms of this Second Amendment shall prevail.

5. This Second Amendment may be executed via facsimile transmission, with originals to follow, and in any number of counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Buyer and Seller have executed this Second Amendment as of the date first set forth above.

SELLER:

CALMAT LAND CO.
a California corporation

By: _____

Name: _____

Title: _____

BUYER:

SUNQUEST DEVELOPMENT LLC, a
California limited liability company

By: _____

Name: _____

Title: _____

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Agreement") is made this 9th day of March, 1999 by and between **CALMAT LAND CO.**, a California corporation ("Seller"), and **SUNQUEST DEVELOPMENT LLC**, a California limited liability company ("Buyer").

RECITALS

A. Seller is the owner of the following parcel of vacant land in Sun Valley, County of Los Angeles, State of California: approximately 12.53 acres located at 12450 Branford Street, APN 2629-001-001, as described in Exhibit "A" attached hereto and incorporated herein (the "Property").

B. Seller desires to sell and Buyer desires to purchase the Property, for the consideration and on the other terms and conditions hereinafter set forth.

AGREEMENT

1. **Purchase and Sale.** Seller agrees to sell, convey and deliver to Buyer and Buyer agrees to purchase and accept from Seller, the Property, on the terms and conditions contained hereinafter.

2. **Purchase Price.** The purchase price ("Purchase Price") for the Property is Five Million Three Hundred Twenty-One Thousand Six Hundred Sixteen Dollars (\$5,321,616.00). The Purchase Price shall be paid by Buyer as follows:

(a) Deposit by Buyer into escrow upon opening of escrow of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) (the "Initial Deposit") by certified check drawn on a California bank approved by Seller. On or before the expiration of the "Due Diligence Period" (defined below), Buyer shall deposit into escrow an additional Twenty-Five Thousand Dollars (\$25,000.00) (the "Additional Deposit") by certified check drawn on a California bank approved by Seller. The Initial Deposit and the Additional Deposit, together with any interest earned thereon, are together referred to herein as the "Deposit". Any failure by Buyer to timely make the Initial Deposit or the Additional Deposit to shall be a material default of Buyer hereunder, and shall entitle Seller to terminate and cancel this Agreement, in addition to all other remedies of Seller. The Deposit will be nonrefundable to Buyer upon expiration of the Due Diligence Period. The Deposit will be applied to the Purchase Price in the event the purchase and sale of the Property closes as contemplated hereunder.

(b) At least one (1) business day before close of escrow, Buyer shall have on deposit in escrow, in funds immediately available for disbursement to Seller on the date specified for close of escrow, the balance of the Purchase Price, plus any additional amounts required to pay Buyer's expenses as provided below.

3. **Escrow and Closing.** Within five (5) business days after mutual execution by Buyer and Seller of three (3) copies of this Agreement, Buyer and Seller shall open an escrow at Commerce Escrow Company, 1545 Wilshire Boulevard, Los Angeles, California, 90017, Attn: Phil Graf ("Escrow Holder"), in order to consummate the purchase and sale of the Property. A fully executed copy of this Agreement shall be deposited with Escrow Holder and shall constitute the instructions of the parties as to the terms and conditions of escrow. Escrow Holder's "General Provisions" are hereby incorporated by reference. In the event of a conflict between this Agreement and the General Provisions, the terms of this Agreement shall prevail. The escrow shall close on or before 60 days after the expiration of the Due Diligence Period, which date shall be no later than 120 days after the opening of escrow.

4. **Closing Costs.** The cost of a standard CLTA title insurance policy as hereinafter described shall be paid by Seller. If Buyer desires extended coverage and/or an ALTA policy, Buyer shall pay the additional cost of such extended coverage or ALTA policy, as the case may be, over a CLTA policy. In any event, Buyer shall be solely responsible for obtaining any survey necessary. The escrow fee shall be borne one-half by Seller and one-half by Buyer. Seller shall pay all documentary transfer taxes payable in connection with the recordation of the grant deed. Buyer and Seller shall pay, respectively, Escrow Holder's customary charges to Buyer and Seller for drafting, recording and miscellaneous charges.

5. **Election to Exchange.** Both Buyer and Seller agree to accommodate each other in effecting a tax deferred exchange under Internal Revenue Code §1031. Each party shall have the right, expressly reserved herein, to elect a tax deferred exchange at any time before the close of escrow (including, without limiting the foregoing, Seller's right to substitute an accommodating party as seller of the Property); provided, however, that closing the sale of the Property shall not be predicated or conditioned on an exchange or exchanges, and without in any way limiting the foregoing, the closing of escrow for the Property as provided herein shall not be contingent, delayed or otherwise subject to the closing of any other escrow. Also, neither Buyer nor Seller shall be required to take title to any real property other than the Property to accommodate the other party's exchange.

If a party elects to effect a tax deferred exchange, the other party shall promptly execute all amendments to this Agreement, escrow instructions pertaining to the exchange transaction and all other documents as may be necessary to carry out such an exchange; provided, however, that the accommodating party shall have the right to approve any and all such documents (which approval shall not be unreasonably withheld), and the accommodating party shall have no liability to the other party or to any other person for any act or omission, condition, representation, warranty, defect in title, or other matter concerning the exchange.

Neither Seller nor Buyer shall be obligated to incur any greater cost or expense due to the other party's exchange(s) than would have been the case in a purchase of the Property as otherwise specified in this Agreement. Buyer and Seller shall each hold the other harmless from any liability, damages, or costs, including reasonable attorneys' fees, that may arise from the accommodating party's participation in an exchange.

6. Tests and Studies.

(a) Buyer's obligation to purchase the Property is subject to Buyer's approval, deemed approval or waiver, during the Due Diligence Period, of those tests and studies of the Property Buyer desires to make, to be conducted by Buyer at Buyer's sole cost and expense for a period of sixty (60) days from the opening of escrow (the "Due Diligence Period"). Buyer shall promptly commence, and diligently in good faith pursue, its due diligence review hereunder. Buyer, Buyer's representatives, and/or authorized agents may enter on the Property during the Due Diligence Period to make tests or other studies of the Property; provided, however, that (i) Buyer shall not interfere with the use of the Property by Seller or any tenant; (ii) Buyer shall not conduct any invasive testing of the Property without the express prior written consent of Seller; (iii) Buyer shall pay for all tests and studies; (iv) Buyer shall keep the Property free and clear of any liens; (v) Buyer shall promptly repair all damage to the Property arising out of or caused by such entry or the tests and studies; and (vi) Buyer shall release, defend, indemnify and hold Seller harmless from and against any and all liabilities, claims, demands, damages or costs of any kind whatsoever including, but not limited to, those caused by Seller's passive negligence (including attorneys' fees, expert and consultant fees and costs of litigation) arising from or in connection with such entry or the tests and studies. The foregoing shall be continuing obligations of Buyer surviving any termination of this Agreement, and surviving the close of escrow and the conveyance of the Property by Grant Deed.

(b) Buyer shall have until the end of the Due Diligence Period to deliver to Seller a written notice disapproving the Property for purchase by Buyer. Failure to so notify Seller in writing by the end of the Due Diligence Period shall be conclusively deemed Buyer's approval of the Property for purchase by Buyer without qualification or condition. In the event Buyer does not approve the Property for purchase, this Agreement shall terminate without liability of either party therefor (except for those provisions which expressly survive such termination), and Escrow Holder shall release the Initial Deposit to Buyer less title and escrow charges, if any.

(c) Buyer shall keep the results of all tests and studies confidential and shall not disclose the results thereof to any outside parties other than its lenders, principals, affiliates or clients or as otherwise required by law; provided that each outside party shall, prior to its receipt of any such results, agree to keep all such information confidential. Buyer shall give Seller not less than two (2) business days prior notice of its intent to enter the Property. Said notice shall specify the day and time of each such entry and Seller may, in Seller's discretion, accompany Buyer during any such entry.

7. Title Condition and Deed.

(a) Promptly after the opening of escrow, Seller shall order and have delivered to Buyer a preliminary title report with copies of all documents referenced as exceptions therein (collectively, the "Report") from Chicago Title Company covering the Property. Buyer shall have ten (10) days after its receipt of the Report to deliver to Seller in writing any objections to the Property or the condition of title as set forth therein; provided, however, Buyer shall not

object to (i) a lien to secure payment of real estate taxes, not delinquent; or (ii) matters affecting the condition of title suffered or created with the consent of Buyer.

Failure of Buyer to object, by notice to Seller in writing, to any exception shown in the Report within said ten (10) day period shall be conclusively deemed Buyer's approval of the Report.

(b) Within five (5) days of Seller's receipt of Buyer's notice of objection to any title exception, Seller shall notify Buyer in writing of Seller's election whether or not to cure such objection.

(c) Should Seller elect not to cure, then within three (3) days of receipt of Seller's notice, Buyer shall elect to either (i) terminate this Agreement without any liability of either party therefor, or (ii) accept the Property without any reduction of the Purchase Price and without liability of Seller. If Seller elects to cure, Seller shall do so prior to the close of escrow.

(d) Buyer agrees and acknowledges that, unless Seller has elected to cure as set forth in Section 7(b) above, Buyer's sole and exclusive remedy in the event Seller elects not to cure any disapproved exception shall be Buyer's election of either option (i) or (ii) in Section 7(c) above. Buyer's failure to notify Seller in writing within the three (3) day time period specified above of its election of option (i) or (ii) shall be deemed an election of option (ii).

(e) At close of escrow Seller shall convey the Property to Buyer by Grant Deed, subject to those matters and restrictions of record appearing on the Report. Title shall be evidenced by the willingness of Chicago Title Company or other reputable title insurance company approved by Buyer and Seller to issue its CLTA standard owner's form policy of title insurance in the amount of the Purchase Price showing title to the Property vested in Buyer subject only to the exceptions and matters as shown on the Report and any exceptions described in Sections 7(a)(i) and (ii) above (the "Title Policy"). Without limiting the foregoing, Buyer acknowledges that approximately four (4) acres of the Property is subject to that certain Lease with the City of Los Angeles Bureau of Sanitation dated April 17, 1995, for a term expiring August 16, 2005.

8. **Condition of Property; Disclaimer; Release.** As an essential inducement to Seller to enter into this Agreement, Buyer acknowledges, understands and agrees to, as of the date hereof and as of the closing date, the following Sections 8(a) through 8(g):

(a) Buyer acknowledges that by the terms of this Agreement it is afforded access to the Property and that it shall conduct its own investigation of the Property. Buyer represents to Seller that as of close of escrow, Buyer will have made all inquiries, inspections, tests, audits, studies and analyses that it deems necessary or desirable in connection with purchasing the Property, and will have approved the results thereof (including, but not limited to, engineering tests, environmental assessments and audits, economic feasibility studies, land use and development entitlements and restrictions, soils and geological reports and tests and inquiries of governmental authorities). Buyer hereby acknowledges that it is relying solely on its

own independently developed inspections, tests, audits, studies and investigations conducted in connection with, and on Buyer's own judgment and verified information with respect to, its purchase of the Property, and is not relying on any representation or statement of Seller, or any data, materials or other information supplied by Seller.

(b) BUYER FURTHER ACKNOWLEDGES THAT (i) THE CITY OF LOS ANGELES BUREAU OF SANITATION OPERATED A LANDFILL (KNOWN AS THE "BRANFORD LANDFILL") ADJACENT TO AND INCLUDING A PORTION OF THE PROPERTY, APPROXIMATELY BETWEEN THE YEARS 1945 AND 1986, AND (ii) A RELEASE OR SUSPECTED RELEASE OF HAZARDOUS SUBSTANCES MAY HAVE OCCURRED IN CONNECTION WITH SUCH USE, AND (iii) THE BRANFORD LANDFILL HAS BEEN THE SUBJECT OF SCREENING BY THE ENVIRONMENTAL PROTECTION AGENCY AND THE STATE OF CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL AND MAY BE SUBJECT TO FURTHER INVESTIGATION AND/OR ACTION.

(c) SELLER HEREBY DISCLAIMS AND SHALL NOT BE LIABLE FOR ANY AND ALL VERBAL AND/OR WRITTEN STATEMENTS, CONVERSATIONS, REPRESENTATIONS AND INFORMATION, IF ANY, MADE OR GIVEN BY SELLER OR ANY OF SELLER'S AGENTS OR EMPLOYEES, OR ANY OTHER PERSON TO BUYER, TO ANY AGENT OR EMPLOYEE OF BUYER, OR TO ANY OTHER PERSON WITH RESPECT TO ANY ASPECT OR FEATURE OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY INFORMATION RELATED TO THE PROPERTY'S VALUE, CONDITION, OR COMPLIANCE WITH LAWS, THE SOILS AND GEOLOGY OF THE PROPERTY, THE EXISTENCE OR AVAILABILITY OF ANY PERMITS OR APPROVALS FROM ANY GOVERNMENTAL AUTHORITIES, OR THE EXISTENCE OF ANY HAZARDOUS SUBSTANCES ON THE PROPERTY). ALL SUCH STATEMENTS, CONVERSATIONS, REPRESENTATIONS AND INFORMATION, IF ANY, ARE MERGED INTO AND SUPERSEDED BY THIS AGREEMENT, AND BUYER HEREBY AGREES THAT BUYER SHALL NOT BE ENTITLED TO RELY UPON ANY SUCH STATEMENTS, CONVERSATIONS, REPRESENTATIONS OR INFORMATION.

(d) BUYER IS A SOPHISTICATED PURCHASER WHO IS FAMILIAR WITH THE OWNERSHIP AND OPERATION OF REAL ESTATE SIMILAR TO THE PROPERTY AND BUYER HAS OR WILL HAVE ADEQUATE OPPORTUNITY TO COMPLETE ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER IT DEEMS NECESSARY, AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE TITLE POLICY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER.

(e) ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY IS SOLELY FOR BUYER'S CONVENIENCE AND WAS OR WILL BE OBTAINED FROM A VARIETY OF SOURCES AND SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF

SUCH INFORMATION. SELLER SHALL NOT BE LIABLE FOR ANY NEGLIGENT MISREPRESENTATION OR ANY FAILURE TO INVESTIGATE THE PROPERTY NOR SHALL SELLER BE BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, APPRAISALS, ENVIRONMENTAL ASSESSMENT REPORTS, OR OTHER INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF, FURNISHED BY SELLER, OR BY ANY REAL ESTATE BROKER, AGENT, REPRESENTATIVE, AFFILIATE, DIRECTOR, OFFICER, SHAREHOLDER, EMPLOYEE, SERVANT OR OTHER PERSON OR ENTITY ACTING ON SELLER'S BEHALF.

(f) BUYER IS BUYING THE PROPERTY "AS IS" AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, OF ANY KIND WHATSOEVER, BY SELLER, ITS AGENTS, BROKERS, CONSULTANTS, COUNSEL, EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, TRUSTEES OR BENEFICIARIES OR ANY OTHER PERSON. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER ACKNOWLEDGES THAT SELLER EXPRESSLY DISCLAIMS AND NEGATES, AS TO THE PROPERTY: (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY; (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO SAMPLES OF MATERIALS; (D) ANY IMPLIED OR EXPRESS WARRANTY WITH RESPECT TO THE CONDITION OF THE PROPERTY, THE COMPLETENESS OR ACCURACY OF ANY DOCUMENTS DELIVERED TO BUYER BY SELLER, THE PROPERTY'S COMPLIANCE WITH ANY ZONING OR OTHER APPLICABLE RULES, REGULATIONS, LAWS OR STATUTES, OR THE USES PERMITTED ON, THE DEVELOPMENT REQUIREMENTS FOR, OR ANY OTHER MATTER OR THING RELATING TO THE PROPERTY OR ANY PORTION THEREOF.

BUYER ACKNOWLEDGES THAT, TO THE EXTENT REQUIRED TO BE OPERATIVE, THE DISCLAIMERS OF WARRANTIES CONTAINED IN THIS SECTION 8(f) ARE "CONSPICUOUS" DISCLAIMERS FOR PURPOSES OF ANY APPLICABLE LAW, RULE, REGULATION OR ORDER.

THE FOREGOING SECTIONS 8(a) THROUGH 8(f) SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT OR THE CLOSING DATE, AND SHALL NOT BE DEEMED TO HAVE MERGED INTO ANY OF THE DOCUMENTS EXECUTED OR DELIVERED AT THE CLOSE OF ESCROW.

(g) WITHOUT LIMITING THE FOREGOING, AS A CONTINUING OBLIGATION SURVIVING THE CLOSE OF ESCROW AND THE CONVEYANCE OF THE PROPERTY BY GRANT DEED, BUYER SHALL, FROM AND AFTER THE CLOSE OF ESCROW, RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS SELLER AND "SELLER'S RELEASEES" (AS HEREINAFTER DEFINED) FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, CLAIM, COSTS AND EXPENSE (INCLUDING WITHOUT LIMITATION ACTUAL ATTORNEYS' FEES, CHARGES AND COSTS) AND ANY OTHER LIABILITY WHATSOEVER, WHETHER FORESEEN OR UNFORESEEN, ARISING OUT

OF OR RELATING TO THE CONDITION OF THE PROPERTY OR ANY PORTION THEREOF. "SELLER'S RELEASEES" SHALL BE SELLER AND THE SUCCESSORS AND ASSIGNS OF SELLER (INCLUDING WITHOUT LIMITATION AN ACCOMMODATION PARTY SUBSTITUTED AS SELLER FOR PURPOSES OF EFFECTING AN EXCHANGE), THE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS, STOCKHOLDERS, AND THE PARENTS, SUBSIDIARIES AND AFFILIATED COMPANIES OF SELLER AND ITS SUCCESSORS AND ASSIGNS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS, STOCKHOLDERS, SUBSIDIARIES AND AFFILIATED COMPANIES, AND EACH OF THEM. WITHOUT LIMITING THE FOREGOING, FROM AND AFTER THE EXECUTION OF THIS AGREEMENT, THE PROVISIONS OF THIS SECTION 8 SHALL CONTINUE TO BE EFFECTIVE WITH RESPECT TO EACH SELLER'S RELEASEE IRRESPECTIVE OF WHETHER THEREAFTER SUCH SELLER'S RELEASEE ASSIGNS OR HAS PURPORTED TO ASSIGN OR OTHERWISE DISPOSE OF ITS INTEREST OR ANY PORTION OF ITS INTEREST, UNDER THIS AGREEMENT, OR IN THE PROPERTY.

9. **Possession, Risk of Loss.** Possession of the Property and all risk of loss shall be given to Buyer at the close of escrow.

10. **Brokerage Commissions.** Buyer and Seller hereby acknowledge and represent that there are no broker's commissions or finder's fees due in connection with this transaction except a commission to CB Richard Ellis ("CB"), which shall be paid by Seller only upon close of escrow pursuant to a separate agreement between Seller and CB. Buyer and Seller shall each hold harmless and indemnify the other from any claims of brokers, agents or finders, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party with respect to the transaction contemplated hereunder except as disclosed above.

11. **Liquidated Damages.** SELLER AND BUYER AGREE THAT THE DAMAGES THAT WOULD BE SUFFERED BY SELLER IN THE EVENT OF A DEFAULT BY BUYER HEREUNDER IN PURCHASING THE PROPERTY WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THE DEPOSIT REPRESENTS THE REASONABLE ESTIMATE BY THE PARTIES OF THE AMOUNT OF THE DAMAGES THAT SELLER WOULD SUFFER BY REASON OF BUYER'S DEFAULT PARTICULARLY IN VIEW OF THE FACT THAT SELLER IS TAKING THE PROPERTY OFF THE MARKET, WHICH SELLER WOULD NOT DO BUT FOR THE AGREEMENT OF BUYER TO PURCHASE THE PROPERTY. ACCORDINGLY, IN THE EVENT OF A DEFAULT BY BUYER HEREUNDER, SELLER SHALL RECEIVE AND RETAIN THE DEPOSIT OF \$150,000.00, INCLUDING INTEREST ACCRUED THEREON, AS LIQUIDATED DAMAGES. SAID SUM SHALL BE IN ADDITION TO AND SHALL NOT BE DEEMED TO INCLUDE ANY ATTORNEYS' FEES WHICH MAY BECOME DUE SELLER PURSUANT TO SECTION 13 HEREOF. IF AND WHEN SELLER BECOMES ENTITLED TO RECEIVE SUCH LIQUIDATED DAMAGES IN ACCORDANCE WITH THE PROVISIONS HEREOF, ESCROW HOLDER IS HEREBY INSTRUCTED TO IMMEDIATELY DELIVER THE DEPOSIT TO SELLER. BY INITIALING THIS

PROVISION IN THE SPACE BELOW, SELLER AND BUYER EACH SPECIFICALLY AFFIRMS THEIR RESPECTIVE OBLIGATIONS UNDER THIS SECTION 11.

Seller

Initial here: _____

Buyer

Initial here: _____

12. **Prorations and Approved Costs.** All current and nondelinquent installments of real property taxes on the Property shall be prorated through escrow as of the date escrow closes on the basis of a 30-day month.

13. **Attorneys' Fees.** Should any party hereto institute any action or proceeding to enforce any provision hereof by reason of the alleged breach of this Agreement, the prevailing party shall be entitled to receive from the losing party such amount as the court may adjudge to be reasonable attorneys' fees, expert fees, and consultant fees for services rendered to the prevailing party, and other costs of litigation.

14. **Conflicts.** In the event of a conflict between the provisions of this Agreement and the provisions of any other documents executed or purported to be executed between the parties prior to the date hereof, the provisions contained in this Agreement shall in all instances govern and prevail.

15. **Disbursements and Other Actions by Escrow Holder.** Upon the close of escrow, Escrow Holder shall perform the following in the manner hereinbelow indicated:

(a) Disburse to Seller all funds deposited with Escrow Holder by Buyer in payment of the Purchase Price for the Property after deducting therefrom all items chargeable to the account of Seller pursuant to this Agreement;

(b) Cause the Grant Deed and any other documents that the parties hereto may mutually direct to be recorded in the Official Records of the county in which the Property is located;

(c) Cause the Title Policy to be delivered to Buyer; and

(d) Deliver to Seller conformed copies of all documents recorded at close of escrow.

16. **Notices.** All notices, demands, and requests under this Agreement by either party shall be hand delivered or sent by United States first class mail, certified or express, postage prepaid, or by a national express courier such as Federal Express, U.P.S., etc., or sent by telecopier or facsimile transmission with confirmation of receipt, and addressed to the parties as follows:

"Seller"

CalMat Land Co.
3200 San Fernando Road.
Los Angeles, CA 90065
Attn: Scott J Wilcott
Attn: Brian W. Ferris

With a copy to:

CalMat Properties Co.
8885 Rio San Diego Drive, Suite 240
San Diego, CA 92108
Attn: Patricia Schreibman

"Buyer"

Sunquest Development LLC
3200 Airport Drive #18
Santa Monica, CA 90405
Attn: Randall H. Roth

Notices, demands, and requests served in the above manner shall be considered sufficiently given or served for all purposes under this Agreement at the time the notice, demand or request is actually delivered to the addresses shown above during normal business hours, or otherwise the next business day.

17. **No Assignment.** Buyer shall not assign or attempt to assign this Agreement, or any rights hereunder, without the prior written consent of Seller. Without limitation, Seller shall have the right to condition its consent to Buyer's assignment upon satisfaction of the following requirements: (a) Seller shall receive notice of the identity of, and the reasonable background and credit information concerning, the proposed assignee not later than ten (10) business days prior to the scheduled Closing Date, and (b) Buyer shall remain fully and primarily liable under this Agreement subsequent to any such assignment. Any assignment or purported assignment which has not received Seller's prior written consent shall be null and void and of no force and effect whatsoever.

18. **Interpretation.** Unless the context of this Agreement clearly requires otherwise, (a) plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine and neuter genders shall each be deemed to include the others; (c) "or" is not exclusive; and (d) "includes" and "including" are not limiting. Time is of the essence for each and every term, condition, covenant, obligation and provision of this Agreement.

This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each party has been or has had the opportunity to be represented by experienced and knowledgeable counsel. Accordingly, any rule of law (including California Civil Code §1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

19. **Severability.** If any portion of this Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be severed from this Agreement and the remaining parts hereof shall remain in full force and effect as fully as though such invalid, illegal or unenforceable portion had never been part of this Agreement; provided the remaining Agreement can be reasonably and equitably enforced.

20. **Binding of Successors.** Subject to the limitations set forth in Section 17 above, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

21. **Required Actions of Buyer and Seller.** Buyer and Seller agree to execute all such instruments and documents and to take all actions (including the deposit of funds in addition to such funds as may be specifically provided for herein) as may be required in order to consummate the purchase and sale herein contemplated and shall use their best efforts to accomplish the close of escrow in accordance with the provisions hereof.

22. **Governing Law and Venue.** The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be interpreted and construed pursuant to and in accordance with the laws of the State of California. The parties select Los Angeles County, California as the proper and sole venue for any action filed to enforce, construe or interpret this Agreement.

23. **Headings.** Section headings have been inserted in this Agreement as a matter of convenience only; such Section headings are not a part of this Agreement and shall not be used in the interpretation of this Agreement.

24. **Entire Agreement.** This Agreement constitutes the final, complete and exclusive statement of terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

25. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

26. **No Third Party Benefit.** Except as provided in Section 20, the parties acknowledge and agree that the provisions of this Agreement are for the sole benefit of the parties hereto and are not for the benefit, directly or indirectly, of any other person or entity.

27. **Confidentiality; Return of Proprietary Information.**

(a) Buyer shall treat all information of whatsoever nature provided to it under the terms of this Agreement ("Proprietary Information") as confidential and Buyer shall not disclose such Proprietary Information to third parties not involved in Buyer's evaluation of the

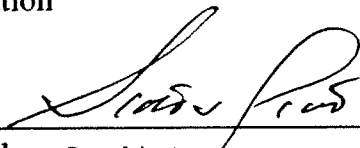
Property, without the prior written approval of Seller, unless Buyer is legally required to provide such information to a governmental agency or pursuant to legal process. The Proprietary Information shall not include any information which is, or becomes, generally available to the public other than as a result of a disclosure by Buyer, or was in Buyer's possession prior to it being furnished by Seller. The provisions of this Section 27(a) shall expire upon the close of escrow and conveyance of the Property to Buyer hereunder.

(b) In the event the purchase and sale contemplated hereby fails to close for any reason whatsoever, Buyer shall return to Seller, or cause to be returned to Seller, all Proprietary Information, and shall deliver to Seller all reports and analyses of the Property prepared by or at the request of Buyer. Further, Buyer agrees not to use or allow to be used any Proprietary Information for any purpose other than to determine whether to proceed with the contemplated purchase, or if same is consummated, in connection with the ownership or operation of the Property post-closing. The provisions of this Section 27(b) shall survive the closing date or the termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

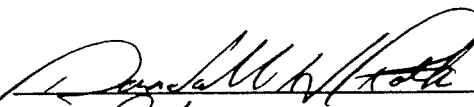
"SELLER"

CALMAT LAND CO., a California corporation

By: 
Title: President

"BUYER"

SUNQUEST DEVELOPMENT LLC, a California limited liability company

By: 
Title: Partner

DESCRIPTION

THAT PORTION OF BLOCK 259, OF THE MACLAY RANCHO EX-MISSION OF SAN FERNANDO, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 37 PAGES 5, ET SEQ. OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID BLOCK 259; THENCE NORTHEASTERLY ON THE NORTHWESTERLY LINE OF SAID BLOCK 259, 1296.97 FEET TO THE WESTERLY TERMINUS OF THE CURVE DESCRIBED IN THE DEED TO THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, RECORDED IN BOOK 21239 PAGE 44, OFFICIAL RECORDS, AS CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 20 FEET; THENCE EASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 31.44 FEET; THENCE SOUTHEASTERLY ALONG THE SOUTHWESTERLY LINE OF SAN FERNANDO ROAD, 70 FEET WIDE, AS DESCRIBED IN SAID DEED, TO A LINE PARALLEL WITH AND DISTANT 680 FEET SOUTHEASTERLY MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 259; THENCE SOUTHWESTERLY ALONG SAID PARALLEL LINE 400 FEET TO THE SOUTHEASTERLY TERMINUS OF THE LINE DESCRIBED IN THE DEED TO THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, IN DEED RECORDED DECEMBER 13, 1948, AS INSTRUMENT NO. 822, IN BOOK 28928 PAGE 137, OFFICIAL RECORDS, AS BEING PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID BLOCK 259 AND HAVING A LENGTH OF 380 FEET; THENCE NORTHWESTERLY ALONG SAID LAST-MENTIONED LINE, 380 FEET TO A LINE PARALLEL WITH AND DISTANT 300 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 259; THENCE SOUTHWESTERLY ALONG SAID PARALLEL LINE 920.51 FEET TO THE SOUTHWESTERLY LINE OF SAID BLOCK 259; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE 300 FEET TO THE POINT OF BEGINNING.

EXHIBIT "A"

CalMat Division

MEMORANDUM

To: Distribution
From: Amy Lorber *AL*
Date: December 21, 1999
Re: Sale of Real Property

SUMMARY OF TRANSACTION:

Property: Approximately 12.5 acres located at 12450 Branford Street
Sun Valley, City of Los Angeles
APN: 2629-001-001

Buyer: Sunquest Development, LLC

Seller: CalMat Land Co.

Sale Price: \$5,321,616.00

Closing Date: December 21, 1999

Terms: Cash at closing

Proceeds: To §1031 Accommodator
See attached Settlement Statement

12.530 acres

Distribution:

Philip Alford
Steve Allums
Ruth Berry
Charlie Brown
Bill Denson
Brian Ferris
Peter Finie
Ejaz Khan
Jeff McCormick
Sheri Ortega
Zeny Rogan
Patricia Schreiberman
Karen Shollenburg
Jim Smack
Cindy Vu
Bob Wason
Alan Wessel
Scott Wilcott

CA-LW-18C-000348-000



Sorry! When printing directly from the browser your map may be incorrectly cropped. To print the entire map, try clicking the "Printer-Friendly" link at the top of your results page.

MAPQUEST

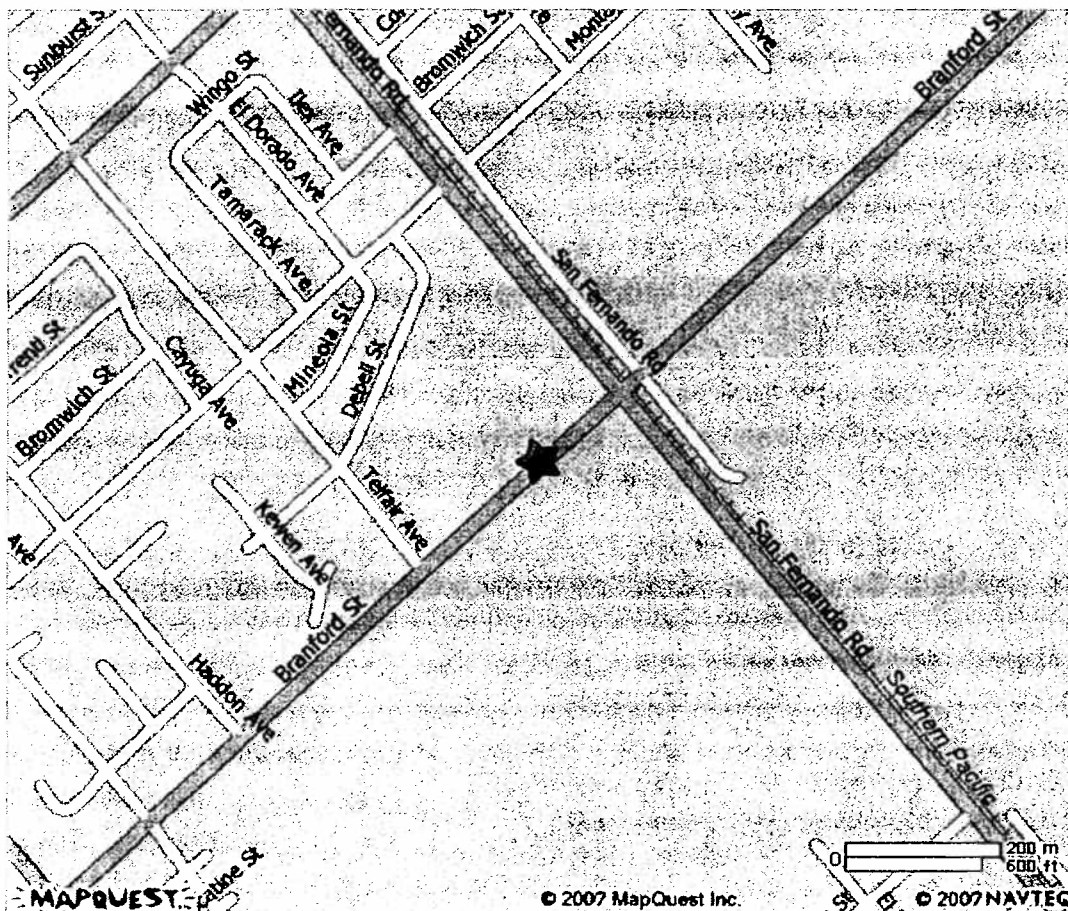
Sale of Brandford

★ **12456 Branford St**
Pacoima, CA 91331-3423, US

-2629-001-001



Sorry! When printing directly from the browser your map may be incorrectly cropped. To print the entire map, try clicking the "Printer-Friendly" link at the top of your results page.



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RE0001S-SPD

CalMat Co.

11:13

TENANT INFORMATION

PROPERTY ID: CA-LW-18C-000348-500
TENANT NAME: SOLD:SUNQUEST DEVELOPMENT, LLC
LEASE DATE: 12/21/1999
EXP/TERM DATE:
ACCOUNT NO.:
REVENUE:\$ 0.00 REVENUE CODE:
FIRST OPTION: 0 YEAR 0 SECOND OPTION: 0 YEAR 0
ROYALTY:

Next
RESPD

OTHER INFO: 12/21/99 Sold appx 12.53acres to Sunquest Dev
for \$5,321,616

ACQUIRED DATE: 12/21/1999 NEXT INCREASE DATE:
INS. RENEWAL DATE: LAST ACTIVITY: 01/03/2000
REQUIRED COVERAGE:\$ 0 \$ 0 \$ 0
CURRENT USE CODE: ACREAGE: 0.000 TENANT TAX DUE:\$
ASSESSOR NUMBERS:

Message

Type in the next screen you want, if not, press F10 to exit

RE0001S-SPD

CalMat Co.

11:13

TENANT INFORMATION

PROPERTY ID: CA-LW-18C-000348-100
TENANT NAME: AGREEMENT:SUNQUEST DEVELOPMENT LLC
LEASE DATE:
EXP/TERM DATE:
ACCOUNT NO.:
REVENUE:\$ 0.00 REVENUE CODE:
FIRST OPTION: 0 YEAR 0 SECOND OPTION: 0 YEAR 0
ROYALTY:

Next
RESPD

OTHER INFO: AGREEMENT TO SHARE COSTS OF STREET IMPROVEMENTS

ACQUIRED DATE: 04/10/2002 NEXT INCREASE DATE:
INS. RENEWAL DATE: LAST ACTIVITY: 07/02/2003
REQUIRED COVERAGE:\$ 0 \$ 0 \$ 0
CURRENT USE CODE: ACREAGE: 0.000 TENANT TAX DUE:\$
ASSESSOR NUMBERS:

Message

Type in the next screen you want, if not, press F10 to exit

CHANGE NOTICE NO. 99077EFFECTIVE Dec 21, 19 99CalMat
Division

CALMAT CO. DIVISION PROPERTIES DIVISION

SITE NAME BRANFORD PARCEL

PROPERTY FILE NO. CA-LW-18C-000348-500

Delete Fee CA-LW-18C-000348-000

Delete Fee CA-LW-18C-005286-000

CITY SUN VALLEY

COUNTY LOS ANGELES

PERMANENT SITE NO.

COST CENTER/ OPERATING NO.

TAX PARCEL NO.

CA-LW-18C

2629-001-001

NATURE OF CHANGE

SOLD TO: Sunquest Development, LLC

Dbase Acreage 12.530

DESCRIPTION OF CHANGE

Effective December 21, 1999 CalMat Land Co. sold approximately 12.530 acres
to Sunquest Development, LLC for \$5,321,616.

Delete

000286-056 Lessee: City of Los Angeles
000913-000 General: Hold Harmless & Indem
000914-000 General: Aerial Photos
001319-000 General: Preliminary Title Report
001340-000 General: Settlement & Mutual es (R/W)

BRIEF PROPERTY DESCRIPTION

DISTRIBUTION:

J. Collar
P. Finie
S. Ortega
Z. Rogan
S. Wilcott
File (2)

DATE 1/3/99 Added/Deleted

Karen L. Shollenburg
Karen L. Shollenburg

Gene R. Block
Gene R. Block

v/cnsold

SCALE IN 1/16 OF AN INCH

2629

SCALE 1" = 150'

6664

SAN FERNANDO

Q.A. 21239-44

ROAD

2-3-65
950214
7601260200001-77

FOR PREV. ASSMT. SEE: 1471-1

THE MACLAY RANCHO

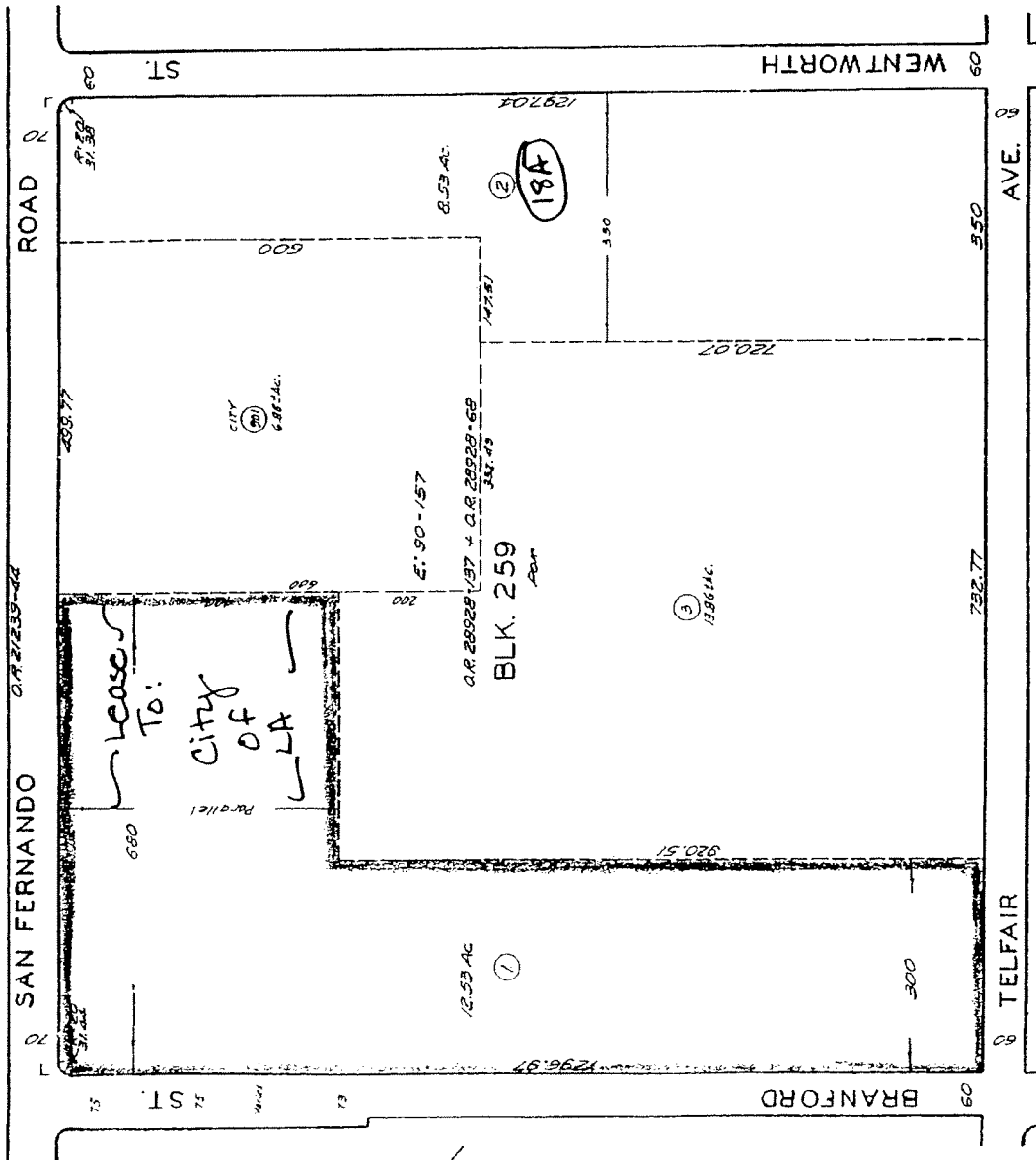
M.R. 37-5-16

FEB 08 1996

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

**CA-LW-18C
BRANFORD**

CODE
8856



9361 Glenoaks Blvd.

- 16. Standard Industrial Lease By and Between California Portland Cement and Pacific Coast Roof Corporation, August 10, 1977**
- 17. Lease between California Portland Cement Company and Sun Valley Auto Wrecking, Incorporated, August 15, 1978**
- 18. Lease between California Portland Cement Company and Insurance Salvage Service, April 2, 1979**
- 19. Lease By and Between California Portland Cement Company and Martin Sklar, July 29, 1980**
- 20. Lease between California Portland Cement Company and Sun Valley Auto Parts, November 19, 1980**
- 21. Amendment to Lease between California Portland Cement Company and Martin Sklar, November 19, 1980**
- 22. Amendment to Lease between California Portland Cement Company and Insurance Salvage Service, Incorporated, March 18, 1981**
- 23. Second Amendment to Lease between California Portland Cement Company and Insurance Salvage Service, Incorporated, June 24, 1981**
- 24. Amendment to Lease Between California Portland Cement Company and All Auto Parts, Incorporated, March 17, 1982**
- 25. Third Amendment to Lease between California Portland Cement Company and Insurance Salvage Service, Incorporated, March 29, 1982**
- 26. Addendum to Sublease By and Between Martin Sklar and Nick Pavich, March 1983**
- 27. Sublease By and Between Nick Pavich and Hagop A. Hairabedian, March 1, 1983**
- 28. Lease Between Conrock and Aladjian and Avakian, April 11, 1983**
- 29. Amendment to Lease By and Between California Portland Cement Company and Martin Sklar, April 19, 1983**
- 30. Certificate of Occupancy for Use of Land-Automobile Dismantling by Conrock Company, Issued May 26, 1983**

31. Standard Industrial Lease between California Portland Cement Company and Save-On Auto Parts and Salvage, Incorporated, February 23, 1984
32. Lease By and Between Cal Mat Company and Sam's Auto Salvage and Auto Wrecking , March 1, 1984
33. Sublease By and Between Nick Pavich and Crown Disposal Company Incorporated October 18, 1984
34. Lease between Cal Mat and Elite Auto Parts Company, Incorporated, November 21, 1984
35. Commercial Inspection Violation, City of Los Angeles, Mr. Jack Berghoudian Listed as Operator, Indicated Material or Automobiles must be Stored with am Enclosure, July 26, 1985
36. Purchase and Sale Agreement and Joint Escrow Instructions for Cal Mat Land Company and Pick Your Part Auto Wrecking, Sale of Parcel 2538-010-006 to Pick Your Part, September 12, 1988
37. Guaranty by Glenn McElroy in favor of Accommodation Company, prepared to secure a loan for Pick Your Part relevant to 9361 Glenoaks (Pick Your Part) parcel, September 19, 1988
38. Authorization to Sell the Real Property Located in Sun Valley to Pick Your Part, Parcel 2538-010-006, signed by B. Ferris, September 27, 1988
39. Lease Documentation and Notification of Ownership Change to Pacific Coast Roof Company, Notified current tenant regarding Calmat Properties' sale (10/1/88) of 9361 Glenoaks (Pick Your Part) parcel to Pick Your Part, October 5, 1988
40. Notification of Ownership Change to Aaron's Auto Wrecking
41. Assignment of Deed of Trust between Cal Mat and Pick Your Part Auto Wrecking, March 30, 1989
42. Schedule A- Chain of Title Guarantee, Between Cal Mat and Gregg, 1993
43. Map of Tract No. 9329

Standard Industrial Lease

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



1 Parties. This Lease, dated for reference purposes only, August 10, 1977, is made by and between California Portland Cement

(herein called "Lessor") and Pacific Coast Roof Corporation (herein called "Lessee")

2 Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles State of California, commonly known as 9361 Glenoaks Blvd., Sun Valley, Calif. with approx. 396 ft. on Glenoaks Blvd. with a depth of approx. 177 ft. Portion of Lots 12 and Lot 10 (AKA: Portion of Parcels #24 and #8 of Block 18 Tract 9329

Said real property including the land and all improvements thereon, is herein called "the Premises"

3 Term.

3.1 Term. The term of this Lease shall be for ten years (10 yrs.) commencing on September 1, 1977 and ending on August 31, 1987 unless sooner terminated pursuant to any provision hereof Possession of premises shall be given immediately upon completion of grading.

3.2 Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee. Provided, however, that if Lessor shall not have delivered possession of the Premises within 100 days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within 100 days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4 Rent. Lessee shall pay to Lessor as rent for the Premises Ninety thousand and 00/100 dollars is 90,000.00, payable in equal monthly installments of \$ 750.00 in advance, on the first day of each month of the term hereof. Lessee shall pay Lessor upon the execution hereof \$ 1500.00 as rent for the first month rental of the lease and the balance shall be credited to the last month rental of the lease provided this lease is not in default.

Security Deposit to be paid immediately. First & last month's rent to be paid upon possession.

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5 Security Deposit. Lessee shall deposit with Lessor upon execution hereof \$ 1500.00 as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or at Lessee's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises.

6 Use

6.1 Use. The Premises shall be used and occupied only for storage of roofing materials and material handling and manufacturing of same.

6.2 Compliance with Law. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

7 Maintenance, Repairs and Alterations

7.1 Lessor's Obligations. Subject to the provisions of Article 9 and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees, Lessor, at Lessor's expense, shall keep in good order, condition and repair the foundations, exterior walls and the exterior roof of the Premises. Lessor shall not, however, be obligated to paint such exterior, nor shall Lessor be required to maintain the interior surface of exterior walls, windows, doors or plate glass. Lessor shall have no obligation to make repairs under this Paragraph 7.1 until a reasonable time after receipt of written notice of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Lessee's Obligations.

(a) Subject to the provisions of Paragraph 7.1 and Paragraph 7.2, Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof (regardless of whether the damaged portion of the Premises or the means of repairing the same are accessible to Lessee), including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass, and skylights, located within the Premises and all sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises.

(b) If Lessee fails to perform Lessee's obligations under this Paragraph 7.2, Lessor may at Lessor's option enter upon the Premises after 10 days written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of 10% per annum shall be due and payable as additional rent to Lessor together with Lessee's next rental installment.

(c) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received (broom clean, ordinary wear and tear excepted). Lessee shall repair any damage to the Premises occasioned by the removal of its trade fixtures, furnishings and equipment pursuant to Paragraph 7.2(c), which repair shall include the patching and filling of holes and repair of structural damage.

7.3 Alterations and Additions

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or utility installations in, on or about the Premises, except for non structural alterations not exceeding \$1,000 in cost. As used in this Paragraph 7.3, the term "utility installations" shall include but not be limited to power panels, floor and ceiling fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to the original condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien

(b) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of nonresponsibility in or on the Premises as provided by law.

(c) Unless Lessor requires their removal, as set forth in Paragraph 7.3(a), all alterations, improvements, additions and utility installations (whether or not such utility installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.3(c), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2(c).

Insurance; Indemnity

8.1 **Liability Insurance.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$300,000 for injury to or death of one person in any one accident or occurrence and in an amount of not less than \$500,000 for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Lessor and Lessee against liability for property damage of at least \$50,000. The limits of said insurance shall not, however, limit the liability of Lessee hereunder. In the event that the Premises constitute a part of a larger property said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If Lessee shall fail to procure and maintain said insurance Lessor may, but shall not be required to, procure and maintain the same, but at the expense of Lessee.

8.2 **Property Insurance.** Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises in the amount of the full replacement value thereof, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk). Lessee shall pay during the term hereof, in addition to rent, the amount of any increase in premiums for the insurance required under this Paragraph 8.2 over and above such premiums paid by Lessor during the first full year of the term of this Lease in which Lessor shall have maintained the insurance required under this Paragraph 8.2, whether such premium increase shall be the result of the nature of Lessee's occupancy, any act or omission of Lessee, requirements of the holder of a mortgage or deed of trust covering the Premises, or increased valuation of the Premises. Lessee shall pay any such premium increases to Lessor within 30 days after receipt by Lessee of a copy of the premium statement or other satisfactory evidence of the amount due. If the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall also deliver to Lessee a statement of the amount of such increase attributable to the Premises and showing in reasonable detail the manner in which such amount was computed. If the term of this Lease shall not expire concurrently with the expiration of the period covered by such insurance, Lessee's liability for premium increases shall be prorated on an annual basis.

8.3 **Insurance Policies.** Insurance required hereunder shall be in companies rated AAA or better in "Best's Insurance Guide". Lessee shall deliver to Lessor copies of policies of liability insurance required under Paragraph 8.1 or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancellable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to Lessor. Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 8.2.

8.4 **Waiver of Subrogation.** Lessee and Lessor each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.5 **Indemnity.** Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.6 **Exemption of Lessor from Liability.** Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

Damage or Destruction

9.1 **Partial Damage-Insured.** Subject to the provisions of Paragraph 9.4, if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 8.2, Lessor shall at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

9.2 **Partial Damage-Uninsured.** Subject to the provisions of Paragraph 9.4, if at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained by Lessor pursuant to Paragraph 8.2, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.3 **Total Destruction.** If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained by Lessor pursuant to Paragraph 8.2 (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction.

9.4 **Damage Near End of Term.** If the Premises are partially destroyed or damaged during the last six months of the term of this Lease, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

9.5 Abatement of Rent; Lessee's Remedies

(a) If the Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within 90 days after such obligations shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 9.5(a).

9.6 **Termination-Advance Payments.** Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

10. Real Property Taxes

10.1 **Payment of Tax Increase.** Lessor shall pay all real property taxes applicable to the Premises; provided, however, that Lessee shall pay, in addition, to rent, the amount, if any, by which real property taxes applicable to the Premises increase over the fiscal tax year 19 77-78. Such payment shall be made by Lessee within thirty (30) days after receipt of Lessor's written statement setting forth the amount of such increase and the reasonable computation thereof. If the term of this Lease shall not expire concurrently with the expiration of the tax fiscal year, Lessee's liability for increased taxes for the last partial lease year shall be prorated on an annual basis.

10.2 **Definition of "Real Property" Tax.** As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, or as against Lessor's business of leasing the Premises.

10.3 **Joint Assessment.** If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations appearing in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4 Personal Property Taxes

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

4. Utilities. Lessor shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12.3 Attorney's Fees. In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed \$100 incurred in connection with giving such consent.

13. Defaults; Remedies.

13.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

- The vacating or abandonment of the Premises by Lessee.
- The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.
- The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than those described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessor's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences his cure within said 30 day period and thereafter diligently prosecutes such cure to completion.
- (i) The making by Lessee of any general assignment or general arrangement for the benefit of creditors, (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located in the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days.

13.2 Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

- Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Article 15 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of 10% per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this Paragraph 13.2(a), or (ii) proceeding under Paragraph 13.2(b).
- Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.
- Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such installment shall be due, Lessee shall pay to Lessor a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge is a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the improvements on the premises, or more than 25% of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, in the event of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee. Upon execution of this Lease by both parties, Lessor shall pay to Industrial Security Real Estate, a licensed real estate broker, a fee of \$13600.00. For brokerage services heretofore rendered, Lessor further agrees that if Lessee exercises any option granted herein or any option substantially similar thereto, either to extend the term of this Lease, to renew this Lease, to purchase said Premises or any part thereof and/or any adjacent property which Lessor may own or in which Lessor has an interest, or any other option granted herein, or if said broker is the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker a fee in accordance with the schedule of said broker in effect at the time of execution of this Lease. Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, by accepting an assignment of such interest, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. Said broker shall be a third party beneficiary of the provisions of this Paragraph.

16. General Provisions.

16.1 Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by Lessor such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

16.2 Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a Lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessee's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessor has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be on Lessor's successors and assigns, only during their respective periods of ownership.

16.3 Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

16.4 Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 10% per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

16.5 Time of Essence. Time is of the essence.

16.6 Captions. Article and paragraph captions are not a part hereof.

16.7 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

EXHIBIT "A"

This Exhibit "A" is hereby incorporated into that certain Standard Industrial Lease entered into by and between CALIFORNIA PORTLAND CEMENT COMPANY and PACIFIC COAST ROOF CORPORATION, dated August 18th, 1977.

17. Lessor agrees to remove all debris from the property and to rough grade same. Lessee hereby acknowledges that Lessee is aware that the property is filled ground and that if said property sinks, Lessee agrees to and will fill and level said property in accordance with applicable law, ordinance, code or regulation.

18. Lessor agrees to pay for the installation of natural gas lines and meter and water line for the transportation of potable water to the property, provided any and all plans and specifications and costs therefor shall be and are subject to the prior written approval of Lessor before Lessee begins the installation thereof.

19. Lessee may construct an office building upon the property subject to this Lease, at Lessee's sole cost and expense. Lessee agrees to remove said office building at the termination of this Lease including any and all foundations associated therewith all at Lessee's sole cost and expense.

20. Lessee agrees that any and all improvements, including the above-mentioned office building, which Lessee shall install upon the property, shall conform to any and all applicable law, ordinance, code or regulation and any and all permits necessary for the construction or installation of said improvements and/or structures shall be obtained by Lessee at Lessee's sole cost and expense.

21. In the event Lessee abandons the property subject to this Lease, Lessee agrees that any and all personal property left upon said premises shall thereupon become the property of Lessor and Lessee agrees to and does hereby relinquish all right, title and interest thereto and does hereby indemnify and hold Lessor harmless for any action Lessor may institute regarding said personal property.

22. Lessor agrees to pay for the installation of a septic tank upon the property at a cost not to exceed \$1100.

23. The minimum monthly rental for each consecutive 3-year period during the term of this Lease shall be adjusted commensurate with increases in the Index of Consumer Prices, All Items, Los Angeles Area (1967 = 100), as published by the Bureau of Labor Statistics, United States Department of Labor. The monthly rental due hereunder shall be adjusted effective for each successive 3-year period during the term hereof as follows: The monthly rental recited in Paragraph 4 of the Lease to which this Exhibit is attached shall be applicable from September 1, 1977 through August 31, 1980. Thereafter the monthly rental for each successive three consecutive year portion of the initial term of this Lease, or as it may be extended, shall be adjusted in direct proportion to the total increase in said Index which shall have occurred

in the preceding three consecutive year period between the month of July, which directly preceded the applicable three consecutive year period and the last month of July within said period, provided such rental shall not be increased in excess of 15 per cent.

24. Lessee is hereby granted the option to extend the term of this Lease for an additional 5-year period. During the term of any said extension the parties hereto shall remain subject to the same terms and conditions, including increases in the minimum monthly rental as above mentioned, provided Lessee must give Lessor at least 60 days' prior written notice of Lessee's intent to exercise said option before the expiration of the initial term of the Lease.

Agreed to and accepted this 23rd day of August 1977.

LESSOR:

CALIFORNIA PORTLAND CEMENT COMPANY

By

William J. Conway

LESSEE:

PACIFIC COAST ROOF CORPORATION

By

[Signature]

Standard Industrial Lease

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



1. Parties. This Lease, dated for reference purposes only, August 10, 1977, is made by and between California Portland Cement

(herein called "Lessor") and Pacific Coast Roof Corporation (herein called "Lessee")

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles State of California, commonly known as 9361 Glenoaks Blvd., Sun Valley, Calif. with approx. 396 ft. on Glenoaks Blvd. with a depth of approx. 177 ft. and described as Portion of Lots 12 and Lot 10 (AKA: Portion of Parcels #24 and #8 of Block 18 Tract 9329

Said real property including the land and all improvements thereon, is herein called "the Premises".

3. Term.

3.1 Term. The term of this Lease shall be for ten years (10 yrs.) commencing on September 1, 1977 and ending on August 31, 1987. Possession of premises shall be given immediately upon completion of grading.

3.2 Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor does not deliver possession of the Premises to Lessee on or before the commencement date, Lessee shall not be subject to any liability therefor, nor shall such failure affect the term of this Lease. However, if Lessor shall not have delivered possession of the Premises to Lessee by the commencement date, Lessee may, at its option, by notice in writing to Lessor within ten (10) days thereafter, terminate this Lease. If Lessee occupies the Premises prior to said termination date, Lessee shall not advance the termination date, and Lessee shall remain obligated to pay rent as provided herein.

4. Rent. Lessee shall pay to Lessor as rent for

\$90,000.00 per annum.

Lessee shall pay Lessor or its agent the balance shall be

Security Depos

Rent for any period during which the money of the Unit is not paid in writing.

5. Security Deposit. Lessee's obligations hereunder shall be in full performance of the provision of any lease payment of any cash with deposit cash with Lessee shall not be required to deposit, or so much thereof as has been paid to Lessor, at Lessee's option, at the expiration of the term hereof, and after Lessee has vacated the Premises.

6. Use

6.1 Use. The Premises shall be used for roofing materials and material handling and manufacturing of

6.2 Compliance with Law. Lessee, at Lessee's expense, shall comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term of any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations

7.1 Lessor's Obligations. Subject to the provisions of Article 9 and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees, Lessor, at Lessor's expense, shall keep in good order, condition and repair the foundations, exterior walls and the exterior roof of the Premises. Lessor shall not, however, be obligated to paint, seal, or otherwise maintain the exterior surface of exterior walls, windows, doors or plate glass. Lessor shall have no obligation to make repairs under this Paragraph 7.1 until a reasonable time after receipt of written notice of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Lessee's Obligations.

(a) Subject to the provisions of Paragraph 7.1 and Paragraph 7.2, Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof (regardless of whether the damaged portion of the Premises or the means of repairing the same are accessible to Lessee), including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass, and skylights, located within the Premises and all sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises.

(b) If Lessee fails to perform Lessee's obligations under this Paragraph 7.2, Lessor may at Lessor's option enter upon the Premises after 10 days' written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of 10% per annum shall be due and payable as additional rent to Lessor together with Lessee's next rental installment.

(c) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, broom clean, ordinary wear and tear excepted. Lessee shall repair any damage to the Premises occasioned by the removal of its trade fixtures, furnishings and equipment pursuant to Paragraph 7.3(c), which repair shall include the patching and filling of holes and repair of structural damage.

7.3 Alterations and Additions

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or utility installations in, on or about the Premises, except for non structural alterations not exceeding \$1,000 in cost. As used in this Paragraph 7.3, the term "utility installations" shall include but not be limited to, power panels, fluorescent fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to its original condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien

(b) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non responsibility in or on the Premises as provided by law.

(c) Unless Lessor requires their removal, as set forth in Paragraph 7.3(a), all alterations, improvements, additions and utility installations (whether or not such utility installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.3(c), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall be the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2(c).

9. Insurance; Indemnity

9.1 Liability Insurance. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$300,000 for injury to or death of one person in any one accident or occurrence and in an amount of not less than \$500,000 for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Lessor and Lessee against liability for property damage of at least \$50,000. The limits of said insurance shall not, however, limit the liability of Lessee hereunder. In the event that the Premises constitute a part of a larger property said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If Lessee shall fail to procure and maintain said insurance Lessor may, but shall not be required to, procure and maintain the same, but at the expense of Lessee.

9.2 Property Insurance. Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk). Lessee shall pay during the term hereof, in addition to rent, the amount of any increase in premiums for the insurance required under this Paragraph 9.2 over and above such premiums paid by Lessor during the first full year of the term of this Lease in which Lessor shall have maintained the insurance required under this Paragraph 9.2, whether such premium increase shall be the result of the nature of Lessee's occupancy, any act or omission of Lessee, requirements of the holder of a mortgage or deed of trust covering the Premises, or increased valuation of the Premises. Lessee shall pay any such premium increases to Lessor within 30 days after receipt by Lessee of a copy of the premium statement or other satisfactory evidence of the amount due. If the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall also deliver to Lessee a statement of the amount of such increase attributable to the Premises and showing in reasonable detail the manner in which such amount was computed. If the term of this Lease shall not expire concurrently with the expiration of the period covered by such insurance, Lessee's liability for premium increases shall be prorated on an annual basis.

9.3 Insurance Policies. Insurance required hereunder shall be in companies rated AAA or better in "Best's Insurance Guide". Lessee shall deliver to Lessor copies of policies of liability insurance required under Paragraph 9.1 or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancellable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to Lessor. Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 9.2.

9.4 Waiver of Subrogation. Lessee and Lessor each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

9.5 Indemnity. Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the term of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

9.6 Exemption of Lessor from Liability. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising by act or neglect of any other tenant, if any, of the building in which the Premises are located.

10. Damage or Destruction

10.1 Partial Damage-Insured. Subject to the provisions of Paragraph 9.4, if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 9.2, Lessor shall at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

10.2 Partial Damage-Uninsured. Subject to the provisions of Paragraph 9.4, if at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained by Lessor pursuant to Paragraph 9.2, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

10.3 Total Destruction. If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained by Lessor pursuant to Paragraph 9.2 (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction.

10.4 Damage Near End of Term. If the Premises are partially destroyed or damaged during the last six months of the term of this Lease, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

9.5 Abatement of Rent; Lessee's Remedies

(a) If the Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9.5 and shall not commence such repair or restoration within 90 days after such obligations shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 9.5(a).

9.6 Termination-Advance Payments. Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

10. Real Property Taxes

10.1 Payment of Tax Increase. Lessor shall pay all real property taxes applicable to the Premises; provided, however, that Lessee shall pay, in addition to rent, the amount, if any, by which real property taxes applicable to the Premises increase over the fiscal tax year 19 77-78. Such payment shall be made by Lessee within thirty (30) days after receipt of Lessor's written statement setting forth the amount of such increase and the reasonable computation thereof. If the term of this Lease shall not expire concurrently with the expiration of the tax fiscal year, Lessee's liability for increased taxes for the last partial lease year shall be prorated on an annual basis.

10.2 Definition of "Real Property" Tax. As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, or as against Lessor's business of leasing the Premises.

10.3 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations of the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4 Personal Property Taxes

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

12.2 No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12.3 Attorney's Fees. In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed \$100 incurred in connection with giving such consent.

13. Defaults; Remedies.

13.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general assignment, or general assignment for the benefit of creditors, (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days, (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days.

13.2 Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Article 15 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of 10% per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this Paragraph 13.2(a), or (ii) proceeding under Paragraph 13.2(b).

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after amount shall be due, Lessee shall pay to Lessor a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the improvements on the premises, or more than 25% of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, to the extent of severance damages received by Lessor in connection with such condemnation, reimburse any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee. Upon execution of this Lease by both parties, Lessor shall pay to Industrial Security Real Estate, a licensed real estate broker, a fee of \$ 1,360.00 for brokerage services heretofore rendered. Lessor further agrees that if Lessee exercises any option granted herein or any option substantially similar thereto, either to extend the term of this Lease, to renew this Lease, to purchase said Premises or any part thereof and/or any adjacent property which Lessor may own or in which Lessor has an interest, or any other option granted herein, or if said broker is the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker a fee in accordance with the schedule of said broker in effect at the time of execution of this Lease. Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, by accepting an assignment of such interest, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. Said broker shall be a third party beneficiary of the provisions of this Paragraph.

16. General Provisions.

16.1 Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by Lessor such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

16.2 Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a Lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessor has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be on Lessor's successors and assigns, only during their respective periods of ownership.

16.3 Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

16.4 Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 10% per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

16.5 Time of Essence. Time is of the essence.

16.6 Captions. Article and paragraph captions are not a part hereof.

16.7 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

EXHIBIT "A"

This Exhibit "A" is hereby incorporated into that certain Standard Industrial Lease entered into by and between CALIFORNIA PORTLAND CEMENT COMPANY and PACIFIC COAST ROOF CORPORATION, dated August 10th, 1977.

17. Lessor agrees to remove all debris from the property and to rough grade same. Lessee hereby acknowledges that Lessee is aware that the property is filled ground and that if said property sinks, Lessee agrees to and will fill and level said property in accordance with applicable law, ordinance, code or regulation.

18. Lessor agrees to pay for the installation of natural gas lines and meter and water line for the transportation of potable water to the property, provided any and all plans and specifications and costs therefor shall be and are subject to the prior written approval of Lessor before Lessee begins the installation thereof.

19. Lessee may construct an office building upon the property subject to this Lease, at Lessee's sole cost and expense. Lessee agrees to remove said office building at the termination of this Lease including any and all foundations associated therewith all at Lessee's sole cost and expense.

20. Lessee agrees that any and all improvements, including the above-mentioned office building, which Lessee shall install upon the property, shall conform to any and all applicable law, ordinance, code or regulation and any and all permits necessary for the construction or installation of said improvements and/or structures shall be obtained by Lessee at Lessee's sole cost and expense.

21. In the event Lessee abandons the property subject to this Lease, Lessee agrees that any and all personal property left upon said premises shall thereupon become the property of Lessor and Lessee agrees to and does hereby relinquish all right, title and interest thereto and does hereby indemnify and hold Lessor harmless for any action Lessor may institute regarding said personal property.

22. Lessor agrees to pay for the installation of a septic tank upon the property at a cost not to exceed \$1100.

23. The minimum monthly rental for each consecutive 3-year period during the term of this Lease shall be adjusted commensurate with increases in the Index of Consumer Prices, All Items, Los Angeles Area (1967 = 100), as published by the Bureau of Labor Statistics, United States Department of Labor. The monthly rental due hereunder shall be adjusted effective for each successive 3-year period during the term hereof as follows: The monthly rental recited in Paragraph 4 of the Lease to which this Exhibit is attached shall be applicable from September 1, 1977 through August 31, 1980. Thereafter the monthly rental for each successive three consecutive year portion of the initial term of this Lease, or as it may be extended, shall be adjusted in direct proportion to the total increase in said Index which shall have occurred

in the preceding three consecutive year period between the month of July, which directly preceded the applicable three consecutive year period and the last month of July within said period, provided such rental shall not be increased in excess of 15 per cent.

24. Lessee is hereby granted the option to extend the term of this Lease for an additional 5-year period. During the term of any said extension the parties hereto shall remain subject to the same terms and conditions, including increases in the minimum monthly rental as above mentioned, provided Lessee must give Lessor at least 60 days' prior written notice of Lessee's intent to exercise said option before the expiration of the initial term of the Lease.

Agreed to and accepted this 23rd day of August 1977.

LESSOR:

CALIFORNIA PORTLAND CEMENT COMPANY

By William J. Conway

LESSEE:

PACIFIC COAST ROOF CORPORATION

By [Signature]

STANDARD INDUSTRIAL LEASE

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



1. This Lease, dated, for reference purposes only, February 2, 19 76 is made by and between California Portland Cement (herein called "Lessor") and Cecil Cushen (herein called "Lessee").

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles State of California, commonly known as Portion of Lot 12 and Lot 10 of Block 18 Tr. # 9329 : 9403 Glenoaks Blvd. Sun Valley and described as Aprox. two acres of ground with aprox. 300 feet on Glenoaks Blvd. and a debth of 290+- feet

Lessee to have occupancy upon signing of a formal lease and paying the \$1,000.00.

Said real property including the land and all improvements thereon, is herein called "the Premises".

3. Term. an option for
3.1 Term. The term of this Lease shall be for Five years with two five year extensions at expiration of first term commencing on April 1, 1976 and ending on March 31, 1981 unless sooner terminated pursuant to any provision hereof.

3.2 Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor or Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect hereunder or extend the term hereof, but in such case Lessee shall not be obligated to provide, however, that if Lessor shall not have delivered possession of the Premises to Lessee by the option, by notice in writing to Lessor within ten (10) days of the expiration of the term hereof, Lessee's obligations hereunder, if Lessee occupies the Premises prior to the expiration of the term hereof, occupancy shall not advance the termination date.

possession of the Premises to Lessee or the obligations of Lessee hereunder is tendered to Lessee; if, on the expiration date, Lessee may, at Lessee's option, be discharged from all obligations hereof, such as below.

4. Rent. Lessee shall pay \$ 30000.00 (and the first month credited to the rent) any period during in lawful money of the United States.

*CECIL CUSHEN - AARON
AUTO WRECKING*

_____ dollars
month of the term hereof.
beginning this lease,
advance shall be

Rent shall be payable in _____
Lessor may designate in _____

5. Security Deposit. Lessee's obligations hereunder, Lessee, Lessor may use, apply or otherwise to which Lessor may be entitled. If Lessor so uses or applies, Lessor shall not be required to deposit, or so much thereof as is to Lessee (or, at Lessor's option, vacated the Premises).

Successful performance of this Lease by provision of this Lease, the payment of any deposit cash with Lessee's obligations hereunder, said deposit shall be returned to Lessee at the expiration of the term hereof, and after Lessee has

6. Use.
6.1 Use. The Premises shall be used for Automobile wrecking, storage and dismantling

6.2 Compliance with Law. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations.

7.1 Lessor's Obligations. Subject to the provisions of Article 9 and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees, Lessor, at Lessor's expense, shall keep in good order, condition and repair the foundations, exterior walls and the exterior roof of the Premises. Lessor shall not, however, be obligated to paint such exterior, nor shall Lessor be required to maintain the interior surface of exterior walls, windows, doors or plate glass. Lessor shall have no obligation to make repairs under this Paragraph 7.1 until a reasonable time after receipt of written notice of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Lessee's Obligations.

(a) Subject to the provisions of Paragraph 9 and Paragraph 7.1, Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof (regardless of whether the damaged portion of the Premises or the means of repairing the same are accessible to Lessee), including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass, and skylights, located within the Premises and all sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises.

(b) If Lessee fails to perform Lessee's obligations under this Paragraph 7.2, Lessor may at Lessor's option enter upon the Premises after 10 days prior written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of _____ per annum shall be due and payable as additional rent to Lessor together with Lessee's next rental installment.

(c) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, broom clean, ordinary wear and tear excepted. Lessee shall repair any damage to the Premises occasioned by the removal of its trade fixtures, furnishings and equipment pursuant to Paragraph 7.3(c), which repair shall include the patching and filling of holes and repair of structural damage.

7.3 Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or utility installations in, on or about the Premises, except for non-structural alterations not exceeding \$1,000 in cost. As used in this Paragraph 7.3, the term "utility installations" shall include bus ducting, power panels, fluorescent fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to their prior condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanics' and materialmen's liens and to insure completion of the work.

1. Utilities. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

2. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

12.2 No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor or other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed to be a consent to any subsequent assignment or subletting.

12.3 Attorney's Fees. In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed \$100 incurred in connection with giving such consent.

3. Defaults; Remedies.

13.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

- The vacating or abandonment of the Premises by Lessee.
- The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.
- The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.
- (i) The making by Lessee of any general assignment, or general arrangement for the benefit of creditors; (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days.

13.2 Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary relocation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of the rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Article 15 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of 10% per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this Paragraph 13.2(a), or (ii) proceeding under Paragraph 13.2(b).

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it comes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises. The name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after the amount shall be due, Lessee shall pay to Lessor a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge shall constitute a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies hereunder.

13.5 Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes possession, whichever first occurs. If more than 10% of the floor area of the improvements on the premises, or more than 25% of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

Broker's Fee. Upon execution of this Lease by both parties, Lessor shall pay to Industrial Security Real Estate, a licensed real estate broker, a fee of 5% of the lease for brokerage services heretofore rendered. Lessor further agrees that if Lessee exercises an option granted herein or any option substantially similar thereto, either to extend the term of this Lease, to renew this Lease, to purchase said premises or any part thereof and/or any adjacent property which Lessor may own or in which Lessor has an interest, or any other option granted herein, if said broker is the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker a fee in accordance with the schedule of said broker in effect at the time of execution of this Lease. Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, partnership, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, by accepting an assignment of such interest, shall be deemed to have assumed Lessor's obligation under this Paragraph 15.1. Broker shall be a third party beneficiary of the provisions of this Paragraph.

General Provisions.

16.1 Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are noted. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by or such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

16.2 Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a Lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor in named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects his obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which he has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

16.3 Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

16.4 Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 10% per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

16.5 Time of Essence. Time is of the essence.

16.6 Captions. Article and paragraph captions are not a part hereof.

16.7 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

Standard Industrial Lease

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



1. Parties. This Lease, dated, for reference purposes only,

August 10, 1977, is made by and

between California Portland Cement

Pacific Coast Roof Corporation

(herein called "Lessor") and

(herein called "Lessee")

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles, State of California, commonly known as 9361 Glenoaks Blvd., Sun Valley, Calif. with approx. 396 ft. on Glenoaks Blvd. with a depth of approx. 177 ft. Portion of Lots 12 and Lot 10 (AKA: Portion of Parcels #24 and #8 of Block 18 Tract 9329

Said real property including the land and all improvements thereon, is herein called "the Premises"

3. Term.

3.1 Term. The term of this Lease shall be for ten years (10 yrs.)

commencing on September 1, 1977 and ending on August 31, 1987 Possession of Premises shall be given immediately upon unless sooner terminated pursuant to any provision hereof one (1) month completion of grading.

3.2 Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee, provided, however, that if Lessor shall not have delivered possession of the Premises within ten (10) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4. Rent. Lessee shall pay to Lessor as rent for the Premises Ninety thousand (90,000.00) dollars, payable in equal monthly installments of \$ 750.00, in advance, on the first day of each month of the term hereof. Lessee shall pay Lessor upon the execution hereof \$ 1500.00 as rent for the first month rental of the lease and the balance shall be credited to the last month rental of the lease provided this lease is not in default.

Security Deposit to be paid immediately. First & last month's rent to be paid upon possession.

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof \$ 1500.00 as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises.

6. Use.

6.1 Use. The Premises shall be used and occupied only for storage of roofing materials and material handling and manufacturing of same.

6.2 Compliance with Law. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations

7.1 Lessor's Obligations. Subject to the provisions of Article 9 and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees, Lessor, at Lessor's expense, shall keep in good order, condition and repair the foundations, exterior walls and the exterior roof of the Premises. Lessor shall not, however, be obligated to paint such exterior, nor shall Lessor be required to maintain the interior surface of exterior walls, windows, doors or plate glass. Lessor shall have no obligation to make repairs under this Paragraph 7.1 until a reasonable time after receipt of written notice of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Lessee's Obligations.

(a) Subject to the provisions of Paragraph 7.1 and Paragraph 7.2, Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof, regardless of whether the damaged portion of the Premises or the means of repairing the same are accessible to Lessee, including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass, and skylights, located within the Premises and all sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises.

(b) If Lessee fails to perform Lessee's obligations under this Paragraph 7.2, Lessor may at Lessor's option enter upon the Premises after 10 prior written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of ten percent shall be due and payable as additional rent to Lessor together with Lessee's next rental installment.

(c) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, broom clean, ordinary wear and tear excepted. Lessee shall repair any damage to the Premises occasioned by the removal of its trade fixtures, furnishings and equipment pursuant to Paragraph 7.2(c), which repair shall include the patching and filling of holes and repair of structural damage.

7.3 Alterations and Additions

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or utility installations in, on or about the Premises, except for non structural alterations, not exceeding \$1,000 in cost. As used in this Paragraph 7.3, the term "utility installations" shall include but not be limited to, power panels, fluorescent fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to the original condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and performance bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for

(b) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law.

(c) Unless Lessor requires their removal, as set forth in Paragraph 7.3(a), all alterations, improvements, additions and utility installations (whether or not such utility installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.3(c), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2(c).

Insurance; Indemnity

8.1 **Liability Insurance.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$300,000 for injury to or death of one person in any one accident or areas appurtenant thereto. Such insurance shall be in an amount of not less than \$500,000 for injury to or death of more than one person in any one accident or occurrence. Such insurance occurrence and in an amount of not less than \$50,000 for property damage of at least \$50,000. The limits of said insurance shall not, however, limit the shall further insure Lessor and Lessee against liability for property damage of at least \$50,000. The limits of said insurance shall have a Lessor's Protective Liability liability of Lessee hereunder. In the event that the Premises constitute a part of a larger property said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If Lessee shall fail to procure and maintain said insurance Lessor may, but shall not be required to, procure and maintain the same, but at the expense of Lessee.

8.2 **Property Insurance.** Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk). Lessee shall pay during the term hereof, in addition to rent, the amount of any increase in premiums for the insurance required under this Paragraph 8.2 over and above such premiums paid by Lessor during the first full year of the term of this Lease in which Lessor shall have maintained the insurance required under this Paragraph 8.2, whether such premium increase shall be the result of the nature of Lessee's occupancy, any act or omission of Lessee, requirements of the holder of a mortgage or deed of trust covering the Premises, or increased valuation of the Premises. Lessee shall pay any such premium increases to Lessor within 30 days after receipt by Lessee of a copy of the premium statement or other satisfactory evidence of the amount due. If the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall also deliver to Lessee a statement of the amount of such increase attributable to the Premises and showing in reasonable detail the manner in which such amount was computed. If the term of this Lease shall not expire concurrently with the expiration of the period covered by such insurance, Lessee's liability for premium increases shall be prorated on an annual basis.

8.3 **Insurance Policies.** Insurance required hereunder shall be in companies rated AAA or better in "Best's Insurance Guide". Lessee shall deliver to Lessor copies of policies of liability insurance required under Paragraph 8.1 or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancellable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to Lessor. Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 8.2.

8.4 **Waiver of Subrogation.** Lessee and Lessor each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.5 **Indemnity.** Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.6 **Exemption of Lessor from Liability.** Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions existing upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

9. Damage or Destruction.

9.1 **Partial Damage-Insured.** Subject to the provisions of Paragraph 9.4, if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 8.2, Lessor shall at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

9.2 **Partial Damage-Uninsured.** Subject to the provisions of Paragraph 9.4, if at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained by Lessor pursuant to Paragraph 8.2, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.3 **Total Destruction.** If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained by Lessor pursuant to Paragraph 8.2 (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction.

9.4 **Damage Near End of Term.** If the Premises are partially destroyed or damaged during the last six months of the term of this Lease, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

9.5 Abatement of Rent; Lessee's Remedies.

(a) If the Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within 90 days after such obligations shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 9.5(a).

9.6 **Termination-Advance Payments.** Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

10. Real Property Taxes.

10.1 **Payment of Tax Increase.** Lessor shall pay all real property taxes applicable to the Premises; provided, however, that Lessee shall pay, in addition to rent, the amount, if any, by which real property taxes applicable to the Premises increase over the fiscal tax year 19 77-78. Such payment shall be made by Lessee within thirty (30) days after receipt of Lessor's written statement setting forth the amount of such increase and the reasonable computation thereof. If the term of this Lease shall not expire concurrently with the expiration of the tax fiscal year, Lessee's liability for increased taxes for the last partial lease year shall be prorated on an annual basis.

10.2 **Determination of "Real Property" Tax.** As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, or as against Lessor's business of leasing the Premises.

10.3 **Joint Assessment.** If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. Lessor shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered for Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of

No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation to alter the ability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12.3 Attorney's Fees. In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed \$100 incurred in connection with giving such consent.

13. Defaults; Remedies.

13.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee

(a) The vacating or abandonment of the Premises by Lessee

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessor's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general assignment, or general assignment for the benefit of creditors, (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located on the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days.

13.2 Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Article 15 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of 10% per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this Paragraph 13.2(a), or (ii) proceeding under Paragraph 13.2(b).

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30 day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after the amount shall be due, Lessee shall pay to Lessor a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge is a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the improvements on the premises, or more than 25% of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, to the extent of severance damages received by Lessor in connection with such condemnation, repay any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee. Upon execution of this Lease by both parties, Lessor shall pay to Industrial Security Real Estate, a licensed real estate broker, a fee of \$13600 for brokerage services heretofore rendered. Lessor further agrees that if Lessee exercises any option granted herein or any option substantially similar thereto, either to extend the term of this Lease, to renew this Lease, to purchase said Premises or any part thereof and/or any adjacent property which Lessor may own or in which Lessor has an interest, or any other option granted herein, or if said broker is the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker a fee in accordance with the schedule of said broker in effect at the time of execution of this Lease. Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, by accepting an assignment of such interest, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. Said broker shall be a third party beneficiary of the provisions of this Paragraph.

16. General Provisions.

16.1 Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by Lessor such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

16.2 Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessor has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be on Lessor's successors and assigns, only during their respective periods of ownership.

16.3 Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

16.4 Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 10% per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

16.5 Time of Essence. Time is of the essence.

16.6 Captions. Article and paragraph captions are not a part hereof.

16.7 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

EXHIBIT "A"

This Exhibit "A" is hereby incorporated into that certain Standard Industrial Lease entered into by and between CALIFORNIA PORTLAND CEMENT COMPANY and PACIFIC COAST ROOF CORPORATION, dated August 10th, 1977.

17. Lessor agrees to remove all debris from the property and to rough grade same. Lessee hereby acknowledges that Lessee is aware that the property is filled ground and that if said property sinks, Lessee agrees to and will fill and level said property in accordance with applicable law, ordinance, code or regulation.

18. Lessor agrees to pay for the installation of natural gas lines and meter and water line for the transportation of potable water to the property, provided any and all plans and specifications and costs therefor shall be and are subject to the prior written approval of Lessor before Lessee begins the installation thereof.

19. Lessee may construct an office building upon the property subject to this Lease, at Lessee's sole cost and expense. Lessee agrees to remove said office building at the termination of this Lease including any and all foundations associated therewith all at Lessee's sole cost and expense.

20. Lessee agrees that any and all improvements, including the above-mentioned office building, which Lessee shall install upon the property, shall conform to any and all applicable law, ordinance, code or regulation and any and all permits necessary for the construction or installation of said improvements and/or structures shall be obtained by Lessee at Lessee's sole cost and expense.

21. In the event Lessee abandons the property subject to this Lease, Lessee agrees that any and all personal property left upon said premises shall thereupon become the property of Lessor and Lessee agrees to and does hereby relinquish all right, title and interest thereto and does hereby indemnify and hold Lessor harmless for any action Lessor may institute regarding said personal property.

22. Lessor agrees to pay for the installation of a septic tank upon the property at a cost not to exceed \$1100.

23. The minimum monthly rental for each consecutive 3-year period during the term of this Lease shall be adjusted commensurate with increases in the Index of Consumer Prices, All Items, Los Angeles Area (1967 = 100), as published by the Bureau of Labor Statistics, United States Department of Labor. The monthly rental due hereunder shall be adjusted effective for each successive 3-year period during the term hereof as follows: The monthly rental recited in Paragraph 4 of the Lease to which this Exhibit is attached shall be applicable from September 1, 1977 through August 31, 1980. Thereafter the monthly rental for each successive three consecutive year portion of the initial term of this Lease, or as it may be extended, shall be adjusted in direct proportion to the total increase in said Index which shall have occurred

in the preceding three consecutive year period between the month of July, which directly preceded the applicable three consecutive year period and the last month of July within said period, provided such rental shall not be increased in excess of 15 per cent.

24. Lessee is hereby granted the option to extend the term of this Lease for an additional 5-year period. During the term of any said extension the parties hereto shall remain subject to the same terms and conditions, including increases in the minimum monthly rental as above mentioned, provided Lessee must give Lessor at least 60 days' prior written notice of Lessee's intent to exercise said option before the expiration of the initial term of the Lease.

Agreed to and accepted this 23rd day of August 1977.

LESSOR:

CALIFORNIA PORTLAND CEMENT COMPANY

By William J. Conway

LESSEE:

PACIFIC COAST ROOF CORPORATION

By [Signature]

LEASE

THIS LEASE is made and entered into this 15th day of August, 1978, by and between CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation, hereinafter called "Lessor," and MARTIN SKLAR, doing business as SUN VALLEY WRECKING, INC., hereinafter called "Lessee."

1. Lessor hereby leases to Lessee and Lessee hereby hires and takes from Lessor that certain real property located in the Sun Valley District of Los Angeles, California, particularly described in Exhibit A hereto attached and made a part hereof (hereinafter sometimes the "premises").

2. The term of this lease is for three (3) years, beginning August 15, 1978, and ending on August 14, 1981.

3. Lessee agrees to pay Lessor as rental for said property a total sum of \$14,400 payable as follows:

\$400 on the 15th of August, 1978, and \$400 on the 15th

day of each succeeding month for a total of thirty-six

(36) consecutive months subject, however, to the following:

Lessee has deposited with Lessor the sum of \$400 as security for the full performance of the terms of this lease or to defray any expense or damage reasonably incurred by reason of default. If Lessee is not in default at the termination of this lease, Lessor shall return the deposit to Lessee either by paying this sum to Lessee or by crediting it against the last payment of rent. This deposit may be commingled or dissipated, or both, and no interest shall be accrued thereon.

In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to any increase in real property taxes and assessments levied or assessed against said real property and any fixtures attached thereto over and above the taxes on the demised premises for the fiscal year 1978-79.

~~CR # 25276~~
CR # 25276 for \$600.00
deposited 8/15/78

Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which the first installment of said taxes becomes due. The increase in taxes, if any, shall be prorated because of the fact that the fiscal years do not coincide with the term hereunder.

4. Lessee understands that a portion of said premises have been filled. He is thoroughly familiar with said premises and all parts thereof and he accepts said premises in the condition in which they are and assumes all risk of subsidence with respect thereto.

5. Lessee agrees to install at his sole expense such fences and driveway as required to meet his own needs. Such installations shall comply with regulations. Any such improvements shall become the property of Lessor upon installation. The cost incurred thereby shall be refunded to Lessee in the form of reductions in the monthly rent payments, not to exceed \$150 per month, provided that approval of Lessor is obtained for the cost of each item before installation.

6. Lessee shall maintain all fences and gates upon the demised premises in a good and serviceable condition at his expense.

7. Any notice given by the terms of this lease by one party to the other shall be given by personal service or by United States registered mail, addressed to Lessee at 8727 San Fernando Road, Los Angeles, California, or addressed to Lessor at P. O. Box 947, Colton, California 92324, to the attention of Mr. William J. Conway. Any such notice shall be deemed given two (2) days after mailing, if mailed within the State of California.

8. The premises shall be used as a wrecked automobile storage yard only and for no other purposes without the prior written consent of Lessor.

9. All repairs upon said premises shall be made at Lessee's sole expense and Lessee agrees that he will not commit, suffer or permit any waste on said premises and that he will not do or permit to be done thereon any act in violation of any law, ordinance, or regulation of any governmental authority.

10. Lessor shall not be obligated to make any repairs or perform any maintenance or grading or filing of any kind upon said premises whatsoever.

11. All property, improvements, equipment or structures excepting fences and gates which may be placed upon said premises by Lessee shall be removed by Lessee at Lessee's expense at the termination of this lease, and if not so removed within said period, Lessor shall have the right, but not the obligation, to remove the same at Lessee's expense, and in such event Lessee agrees to reimburse Lessor for the cost of such removal. Lessor shall have the right to

dispose of any such property in any manner whatsoever should Lessee fail to remove the same within said period, including, but not limited to, the destruction thereof, either in whole or in part, and Lessee waives any and all claims and demands for any damage or loss arising by reason of any such removal or destruction.

12. Lessee agrees to pay any and all taxes or assessments levied or assessed upon any personal property or improvements or structures placed upon said premises by him.

13. If any action is brought by either party hereto against the other for any breach of this lease, the defeated party in such litigation agrees to pay the prevailing party a reasonable sum, to be fixed by the court, for the prevailing party's attorney's fees and court costs.

14. Lessee shall and does hereby indemnify Lessor against, and save and hold Lessor harmless from and against any and all liability, claims, demands, damages and costs of every kind and nature for injury to or death of any and all persons, including, without limitation, employees or representatives of Lessor or of Lessee, or any other person or persons, and for damage, destruction or loss, consequential or otherwise, to or of any and all property, real or personal, including, without limitation, property of Lessor or of Lessee, or of any other person or persons, resulting from or in any manner arising out of or in connection with this lease or Lessee's use of, occupation of, or benefit from said leased premises. Lessee shall, also, upon request by Lessor, and at no expense to Lessor defend Lessor in any and all suits, concerning such injury to or death of any and all persons, and concerning such damage, destruction or loss, consequential or otherwise, to or of any and all property, real or personal, including, without limitation, suits by employees or representatives of Lessor or of Lessee, or any other person or persons.

15. Lessee further agrees at his sole cost and expense to maintain during the term of this lease a policy or policies of public liability and property damage insurance in an insurance company satisfactory to Lessor, naming Lessor as an additional assured thereunder, which shall insure Lessor against liability for injury to or death of one person in the sum of One Hundred Thousand Dollars (\$100,000.00); for injury to or death of two or more persons in the same accident in the sum of Three Hundred Thousand Dollars (\$300,000.00); and for property damage in the sum of Twenty-Five Thousand Dollars (\$25,000.00). Lessee agrees to deliver to Lessor a certificate issued

by the insurer or insurers, evidencing such insurance, and Lessee agrees to pay all premium charges in connection therewith, which shall be paid by Lessee when the same becomes due and before delinquency. Such insurance shall be primary and not contributory, as to Lessor.

16. Lessee shall not assign or hypothecate this lease or any interest herein, or sublet the demised premises, or any part thereof, without the written consent of Lessor, and any attempt to do so shall be void and shall confer no right or rights whatever upon any third party, and shall be cause for termination of this lease, on the notice hereinabove provided for, by Lessor at his option.

17. Time is of the essence of this lease. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach of any obligation hereunder other than the failure to pay the particular rental so accepted, and the waiver by Lessor of any breach of covenant or condition shall not constitute a waiver of any other breach, regardless of knowledge. The consent of Lessor to any assignment or sublease shall not be deemed consent to any other subsequent assignment or sublease.

18. If (i) Lessee shall fail to pay any installment of rent or other sum of money due under this lease, for ten (10) days after written notice from Lessor that the same is due and payable, or (ii) to comply with any of the other terms, covenants, conditions or obligations of this lease for thirty (30) days after written notice from Lessor, or in the case where such compliance cannot with due diligence be effected within thirty (30) days, if Lessee fails to proceed within thirty (30) days of such notice and thereafter to prosecute with due diligence the completion of such compliance, or (iii) Lessee shall file a petition in bankruptcy or for reorganization or to effect a plan or other arrangement with creditors, or be adjudicated a bankrupt or make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or (iv) a receiver, trustee or liquidator of Lessee or of all or substantially all of the property of Lessee shall be appointed in any proceeding brought by Lessee or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Lessee and if such receiver, trustee or liquidator shall not be discharged within ninety (90) days after such appointment, then in any of such events Lessee shall be deemed to be in default.

19. Lessor shall have the following remedies if Lessee commits a default.

These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

Lessor may continue this lease in full force and effect, and said lease will continue in full force and effect as long as Lessor does not terminate Lessee's right to possession, and Lessor shall have the right to collect rent and other sums of money when due. During the period Lessee is in default, Lessor may enter the premises and relet them, or any part of them, to third parties for Lessee's account. Lessee shall be liable immediately to Lessor for all costs Lessor incurs in reletting the premises, including, without limitation, brokers' commissions, expenses of remodeling the premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this lease. Lessee shall pay to Lessor the rent and additional rent due under this lease on the dates when due, less the rent Lessor receives from any reletting. No act by Lessor allowed by this section shall terminate this lease unless Lessor notifies Lessee that Lessor elects to terminate this lease. After Lessee's default and for as long as Lessor does not terminate Lessee's right to possession of the premises, if Lessee obtains Lessor's consent Lessee shall have the right to assign or sublet its interest in this lease, but Lessee shall not be released from liability. Lessor's consent to a proposed assignment or subletting shall not be unreasonably withheld.

Lessor can terminate Lessee's right to possession of the premises at any time. No act by Lessor other than giving notice to Lessee shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this lease shall not constitute a termination of Lessee's right to possession. On termination, Lessor has the right to recover from Lessee:

a. The worth, at the time of the award of the unpaid rent that had been earned at the time of termination of this lease;

b. The worth, at the time of the award of the amount of which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided;

c. The worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided; and

d. Any other amount, and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.

"The worth, at the time of the award," as used in a and b of this section is to be computed by allowing interest at the rate of ten (10) percent per annum. "The worth, at the time of the award," as referred to in c of this paragraph, is to be computed by discounting the amount of the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one (1) percent.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers thereunto duly authorized as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT COMPANY

By

W. J. Conway

By

Martin Sklar, dba Sun Valley
Auto Wrecking, Inc.

CALIFORNIA PORTLAND CEMENT COMPANY

P.O. BOX 947, COLTON, CALIFORNIA 92324 / TELEPHONE (714) 825-4260



WILLIAM J. CONWAY
MANAGER OF PROPERTIES

August 15, 1978

Mr. Martin Sklar
8727 San Fernando Road
Sun Valley, CA.

Subject: Lease between California Portland Cement Company
and Martin Sklar, dba Sun Valley Auto Wrecking,
Inc. dated August 15, 1978.

Gentlemen:

This letter, when accepted by you, shall constitute an addendum
to the subject lease.

Paragraph two of subject lease is revised as follows:

The term of this lease is for three years, beginning
September 1, 1978 and ending on August 31, 1981.

Lessee is hereby granted an option to renew this lease
for three (3) additional periods of (1) year each at a
rental to be determined at the beginning of the year
of each option.

The monthly rental of \$300.00 shall be escalated on
September 1, 1981, for the first year of the three
one-year options, and on September 1 of each subse-
quent year that the options are exercised by multi-
plying in the case of the monthly rental for the first
year option, \$300.00 by the quotient carried to four
decimal places of the 1967 Consumer Price Index--Los
Angeles-Long Beach-Anaheim--all Urban Consumers, for
the month of May 1981 divided by 191.5. The figure
191.5 is the 1967 Consumer's Price Index--Los Angeles-
Long Beach-Anaheim--All Urban Consumers (CPI) for the
month of May 1978. Said index is prepared and promul-
gated by the Bureau of Labor Statistics of the U. S.
Department of Labor.

WJC
Rebate of 50% of rent (\$150.00) is being made
by CPC for improvements. Sklar is making which
will be CPC's property at lease end. (No effect
as \$150 rent being paid. See page 2 of lease, para. 5.

Mr. Martin Sklar
August 15, 1978
Page 2

An esclation factor shall be determined and used in the same manner for the second and third one-year terms of the option. The numerator in each case being the said CPI for the month of May, of the respective year of the option.

The escalated rental shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for each one-year period hereunder shall not exceed six per cent of the rental for the preceding one-year period.

Lessee may place or maintain an office building in and upon said premises and other items appurtenant thereto at his own risk if he so desires, provided that he meets all requirements of the law with respect to the construction of and placement of said items upon said premises. Such items shall be maintained in a clean and neat and safe condition by the Lessee at his expense.

The leased premises contain approximately 6/10 of an acre.

All other provisions of subject lease shall remain unchanged in full force and effect throughout the term of the lease and the options thereof.

Very truly yours,

W. J. Conway
W. J. Conway

WJC:ygh

ACCEPTED BY:

Martin Sklar 8-18-78
Martin Sklar (Date)
dba Sun Valley Auto Wrecking, Inc.

LEASE

THIS LEASE is made and entered into the 2nd day of April, 1979, by and between CALIFORNIA PORTLAND CEMENT COMPANY, hereinafter called "Lessor," and INSURANCE SALVAGE SERVICE, INC., a California corporation, hereinafter called "Lessee."

1. Lessor hereby leases to Lessee and Lessee hereby hires and takes from Lessor for the term hereinafter setforth that certain real property situated in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Portions of Block 18, Lots 12 and 24 of Los Angeles Land and Water Company's Subdivision of a part of the MacLay Rancho, Map Blk 3, p. 17 and 18 and portions of Lot 8 and 10 of Tract 9329, as shown in Book 179, pages 9 and 10 of Maps, Records of Los Angeles County, all located in the Sun Valley Section of Los Angeles, California, more particularly described in Exhibit "A" attached hereto and made a part hereof.

2. The term of this lease shall begin on April 1, 1979, and shall end on March 31, 1982, unless sooner terminated as herein provided.
3. Lessee agrees to pay Lessor as rental for said premises monthly installments of ^{\$4,841.32} \$3,813.28 each, subject to escalation as hereinafter provided, in advance, on the first of each month, beginning April 1, 1979, for the first year of the term hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes hereafter assessed against said real property over and above the taxes on the demised premises for the fiscal year 1965-1966. Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which said taxes become due.

5/24/79

orig. to contract drawer via accounting

The monthly rental of \$3,813.28 shall be escalated on April 1, 1980, for the second one-year period of the term hereunder and on April 1, 1981, for the third one-year period of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, \$3,813.28 by the quotient, carried to four decimal places, of the 1967 Consumers' Price Index--Los Angeles-Long Beach-Anaheim, CA., All Urban Consumers (CPI-LA-LB) for the month of January, 1980, divided by 199.6. The figure "199.6" is the 1979 CPI-LA-LB for the month of January, 1979. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U. S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on April 1, 1980, assuming the CPI for the month of January, 1980 is 210.

Solution:

Divide 210 by 199.6 equals 1.0521.

Multiply \$3,813.28 by 1.0521 equals \$4,011.97, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for the third one-year term of the term hereunder. It shall be derived by dividing the January, 1981, CPI by 199.6. The escalated rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one year period hereunder shall not exceed 7% of the rental for the preceding one-year period.

4. Lessee is hereby granted an option to renew this lease for three additional periods of one (1) year each. The monthly rental for each period shall be escalated on April 1, of the respective period by multiplying, \$3,813.28 by the quotient, carried to four decimal places, of the revised CPI for the month of January of the preceding respective period divided by 199.6. Such options, if exercised, shall be exercised by notice in writing to Lessor of Lessee's exercise

of option given to Lessor on or prior to January 1 of each respective year. Such notice of exercise of option shall be given in accordance with the provision for the giving of notices hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes as herein provided under Section 3.

5. Lessee understands that said premises have been filled. It is thoroughly familiar with said premises and all parts thereof and it accepts said premises in the condition in which they are; and assumes all risk of subsidence with respect thereto, except as provided in Paragraph 7 below.
6. Lessee shall keep the premises enclosed with a good and sufficient six-foot chain link fence on the top of which there shall be three strands of barbed wire, and shall provide such gate or gates in the present fence along Pendleton Avenue as it deems necessary to its operations. Lessee may place an office building upon said premises at its own cost and expense, and provided such building meets all the requirements of law with respect to the construction and placement of such structure upon said premises. Lessee may remove said building upon expiration of the term of this lease or options thereof provided that lessee is not in default of any of the terms of this lease. If lessee elects not to remove said building the condition thereof shall be such that it will be useable without major repairs or structural alteration by a succeeding tenant.
7. Lessee agrees to keep said premises and said fences in a reasonably clean and safe condition and to conduct thereon a storage yard for the storage of wrecked motor vehicles consigned to it for sale and to conduct sales of such vehicles upon said premises. Lessee may treat the surface of said property with road oil for the purpose of keeping down dust. All repairs to said premises except as stated below, and the fences and other structures thereon shall be made at Lessee's sole expense and Lessee further agrees that it will not commit, suffer or permit any waste on said premises and that it will not do or permit to be done thereon any act in violation of any law, ordinance or regulation of any governmental authority.

It is the intention of both lessor and lessee that the premises be kept in a condition that rain water will drain away into Pendleton Street and large ponding of rain water shall not occur. To such end both parties agree to cooperate and when it is decided by both that filling and grading to reestablish the elevation at the surface of the premises is necessary lessee shall make sufficient area available free of automobiles and other objects so that such filling and grading operations may be accomplished in an efficient and orderly manner. Estimates of the cost of said operation shall be obtained and agreed upon by both lessor and lessee before any work is done. Consent to said costs shall not be unreasonably withheld. The cost of said filling and grading shall be born equally by both lessor and lessee.

8. Any and all stock in trade, personal property, buildings, improvements, equipment or structures which may be placed upon said premises by lessee, with the exception of fences and gates therein, and except as provided in paragraph 6 above, shall be removed by lessee at lessee's expense within ten (10) days after the termination of this lease, and if not so removed within said period, lessor shall have the right, but not the obligation, to remove the same at lessee's expense, and in such event lessee agrees to reimburse lessor for the cost of such removal. Lessor shall have the right to dispose of any such property in any manner whatsoever should lessee fail to remove the same within said period, including, but not limited to, the destruction thereof, either in whole or in part, and lessee waives any and all claims and demands for any damage or loss arising by reason of any such removal or destruction. Fences and gates shall be deemed fixtures and shall not be removed from the premises by Lessee.
9. Lessee agrees to pay any and all taxes and assessments levied or assessed upon any personal property or buildings, improvements or structures placed upon said premises by it with the exception of fences and gates. Taxes levied or assessed against said premises by reason of construction thereon of such fences and gates shall be paid in the manner provided in Paragraph 3 hereof.
10. With respect to any action brought by Lessor to recover rent or possession of said premises, or for any breach of this lease, lessee

agrees to pay lessor a reasonable sum, to be fixed by the court, for lessor's attorney's fee and court costs, in addition to any sum determined to be owing from lessee to lessor.

11. Lessee hereby agrees to indemnify lessor against and to hold it harmless of and from any and all claims and demands of every kind and character for damages to property or injuries to persons or for the death of any person or persons arising out of or in any way connected with lessee's use or occupancy of said demised premises.
12. Lessee agrees at its sole cost and expense to maintain during the term of this lease a policy or policies of public liability and property damage insurance in an insurance company satisfactory to lessor, naming lessor as an additional assured thereunder, which shall insure lessor against liability for injury to or death of one person in the sum of One Hundred Thousand Dollars (\$100,000.00); for injury to or death of two or more persons in the same accident in the sum of Three Hundred Thousand Dollars (\$300,000.00); and for property damage in the sum of Twenty-Five Thousand Dollars (\$25,000.00). Lessee agrees to deliver to lessor a certificate issued by the insurer or insurers, evidencing such insurance, and lessee agrees to pay all premium charges in connection therewith when the same become due and before delinquency. Such insurance shall be primary and not contributory, as to lessor.
13. Lessee shall not assign or hypothecate this lease or any interest herein, or sublet the demised premises or any part thereof, without the written consent of lessor, and any attempt to do so shall be void and shall confer no right or rights whatever upon any third party, and shall be cause for termination of this lease by lessor, at its option.
14. This lease shall be terminable at the option of lessor in the event of the adjudication or bankruptcy of lessee or in the event it files a petition for voluntary bankruptcy, or makes any assignment for the benefit of its creditors, or if a receiver is appointed by any court having jurisdiction which involved all or any part of the assets of

lessee, or if any of the property of lessee is levied upon under any writ of attachment or execution or by a taxing body and the lien of such attachment, execution or tax levy is not discharged by bond or payment within ten (10) days after such levy. Notice of such termination shall be given by lessor to lessee in the manner hereinafter provided for the giving of notices. In the event such notice is delivered personally to lessee, this lease and the term hereunder shall terminate forthwith. If it is given by mail the lease and term hereunder shall terminate three days after mailing. Lessor shall have no obligation to return any rental theretofore paid but it shall be entitled to the same as liquidated damages, it being understood that the actual damages for such early termination or cause of termination would be impossible of determination. In the event of such termination, lessee shall remain liable to lessor for any unpaid rental and for any damage suffered by lessor as a result of such early termination.

15. Any notice given by one party hereto to the other shall be in writing and shall be given either by personal service or by mail, posted within the State of California, with postage prepaid, addressed to lessor at 800 Wilshire Blvd., Los Angeles, California 90017, Attention: W. J. Conway, and to lessee at 11201 Pendleton Street, Sun Valley, California. Such mailed notices shall be effective three days after they are deposited in the mail.
16. Time is of the essence of this lease. Subsequent acceptance of rent hereunder by lessor shall not be deemed to be a waiver of any preceding breach of any obligation hereunder other than the failure to pay the particular rental so accepted, and the waiver by lessor of any breach of covenant or condition shall not constitute a waiver of any other breach, regardless of knowledge. The consent of lessor to any assignment or sublease shall not be deemed consent to any other assignment or sublease.

17. Lessee agrees that lessor at lessor's ^{may} option may install and operate a collection system to remove any gases generated by the decomposition of material that has been placed in or on the premises. Lessor agrees that the system shall be so designed and installed as to cause a minimum of interference with the use by lessee of the leased premises. Pipes connecting extraction points shall be installed below the surface of the ground and the terminal point in the system shall be outside the leased premises.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers thereunto duly authorized as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT COMPANY

By W. J. Conway (s)
Lessor

INSURANCE SALVAGE SERVICE, INC.

By James Fulton (s)
Lessee

EXHIBIT "A"

Beginning at the Westerly corner of the intersection of Glen Oaks Boulevard and Pendleton Street, thence Southwesterly along the Northwesterly boundary of Pendleton Street 200 feet more or less to the True Point of Beginning; (1) thence Northwesterly on a line parallel with Glen Oaks a distance of 880 feet more or less; (2) thence Southwesterly at an angle of 90° a distance of 90 feet more or less; (3) thence northwesterly on a line parallel with Glen Oaks Boulevard a distance of 300 feet; (4) thence of an angle of 90° southwesterly a distance of 283 feet; (5) thence southerly a distance of 343 feet more or less to a point said point being an extension of course (2) above and 450 feet southwesterly of the termination of said course (2); (6) thence on and along the further extension of said course (2) a distance of ²⁵⁰150 feet; (7) thence at right angles thereto a distance of 880 feet more or less to a point in the northwesterly line of Pendleton Street; (8) ~~thence northeasterly along said northwesterly line of Pendleton Street;~~ (8) thence northeasterly along said northwesterly line at Pendleton Street a distance of ⁷⁴⁰690 feet more or less to the True Point of Beginning containing ^{16.46}16.46 Ac. \pm .

L E A S E

THIS LEASE is made this 29 day of July, 1980, by and between CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation (hereinafter "LESSOR"), and MARTIN SKLAR (hereinafter "LESSEE").

RECITALS

1. LESSOR is the owner of certain real property and improvements located in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), which is more particularly described in Exhibit "A." Said exhibit is attached hereto and incorporated by this reference herein as though fully set forth.
2. LESSEE desires to lease the Premises from LESSOR subject to the terms and conditions which are more fully hereinafter set forth.
3. LESSEE has examined the Premises and is fully informed of the condition thereof.
4. The Premises herein are the subject of a lease dated May 23, 1980, and it is the desire of LESSOR and LESSEE to terminate said lease and to replace said lease in its entirety with this LEASE dated July 29, 1980.

AGREEMENT

- A. LESSEE hereby surrenders and LESSOR hereby accepts surrender of said lease dated May 23, 1980.

LEASE

In place and instead of said lease which is being surrendered, LESSOR leases to LESSEE and LESSEE leases from LESSOR the premises subject to the following terms and conditions:

ARTICLE I

Term

SECTION 1.01. The term of this Lease shall commence on July 29, 1980, and shall terminate on July 31, 1985, unless sooner terminated as provided herein.

ARTICLE II

Rent

SECTION 2.01. During the term of this lease, LESSEE shall pay to LESSOR in advance without deduction or offset at such place or places as may be designated from time to time by LESSOR for the rent of the premises the sum of One Thousand, Six Hundred and Fifty Dollars (\$1,650) per month on the first day of each month beginning August 1, 1980, subject to escalation as herein after provided.

SECTION 2.02. The monthly rental of \$1,650.00 shall be escalated on August 1, 1981, for the second one-year period of the term hereunder and on August 1, of each respective year for the following year of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, \$1,650.00 by the quotient, carried to four decimal places, of the Consumer Price Index-- Los Angeles-Long Beach-Anaheim, CA., All Urban Consumers (DPI-LA-LB) for the month of May, 1981, divided by 249.1. The figure "249.1" is the 1979 CPI-LA-LB for the month of May 1, 1980. Said Index is prepared and promulgated by the

Bureau of Labor Statistics of the U. S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on August 1, 1981, assuming the CPI for the month of May, 1981, is 260.

Solution:

Divide 260 by 249.1 equals 1.0433.

Multiply \$1,650.00 by 1.0438 equals \$1,722.20, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for each one-year period of the term hereunder. It shall be derived by dividing the May CPI of each respective year by 249.1. The escalated rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

SECTION 2.03. LESSEE is hereby granted an option to renew this lease for an additional period of three (3) years. The monthly rental for each one year period at the extension shall be escalated on April 1, of the respective period by multiplying, \$1,650.00 by the quotient, carried to four decimal places, of the revised CPI for the month of May of the preceding respective period divided by 249.1. Such option, if exercised, shall be exercised by notice in writing to LESSOR of LESSEE'S exercise of option given to LESSOR prior to January 31, 1985.

ARTICLE III

SECTION 3.01. LESSEE agrees to pay to LESSOR a sum equal to the increase in real property taxes hereafter assessed against said premises over and above the taxes on said Premises for the fiscal year 1979-1980. Payment of said taxes shall be made to LESSOR by LESSEE upon demand on or before the date upon which the first installment of said taxes becomes due.

SECTION 3.02. LESSEE shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied against LESSEE's personal property located in or on the Premises which become payable during the term hereof. On demand by LESSOR, LESSEE shall furnish LESSOR with satisfactory evidence of these payments.

ARTICLE IV

Use

SECTION 4.01. LESSEE shall use the Premises as an auto wrecking, storage, and dismantling yard. And shall not use said Premises for any other purpose or purposes without the prior written consent of LESSOR.

SECTION 4.02. LESSEE shall not use the Premises in any manner that will constitute a waste, nuisance, or unreasonable annoyance to owners or occupants of adjacent properties or to the public in general. Furthermore, LESSEE shall comply with all laws, regulations, and ordinances applicable to and associated with the condition, use, or occupancy of the Premises.

ARTICLE V

Maintenance

SECTION 5.01. LESSOR shall not be obligated to make any repairs, perform any maintenance to or on the Premises, or

replace any item of equipment which is a part thereof.

SECTION 5.02. LESSEE at its sole cost and expense shall maintain the Premises in a good and workable physical condition during the term hereof and shall deliver said Premises to LESSOR at the expiration of the term hereof in substantially the same condition as such Premises were in at the commencement of this Lease.

SECTION 5.03. It is understood and agreed that the leased Premises have been used as a land fill and that the LESSOR shall not be liable to LESSEE on account of any subsidence of the Premises. LESSEE agrees to keep the Leased Premises graded and in such condition that rain water will drain naturally and large ponding will not occur.

ARTICLE VI

Alterations/Improvements

SECTION 6.01. LESSEE shall not make any alterations or improvements (including filling and grading) to the Premises without LESSOR'S prior consent.

SECTION 6.02. LESSEE shall procure any necessary approvals and permits from all appropriate governmental agencies prior to making any authorized alteration of or improvement to the Premises and shall fully comply with any statute, law, regulation, or ordinance which may be applicable to same.

SECTION 6.03. LESSEE may place and maintain office and/or storage buildings and other items appurtenant thereto in and upon the Premises at his own risk and expense provided that he meets all requirements of law with respect thereto and subject to the prior approval in writing by LESSOR of the plans and specification for these improvements. LESSEE may remove said buildings upon expiration of the term of this Lease provided that LESSEE is not in default of any of the terms of this Lease. If LESSEE elects not to remove said building, the condition thereof shall be such that it will be useable without

major repairs or structural alteration by a succeeding tenant.

SECTION 6.04. LESSEE shall erect and maintain a fence on the perimeter of the Premises of such height and type that it is at all times in compliance with the law governing auto dismantling yards.

SECTION 6.05. LESSOR shall have the right to post about the Premises and record any notices of nonresponsibility regarding any such alterations or improvements that LESSOR deems advisable.

SECTION 6.06 LESSEE shall remove any and all personal property which LESSEE has placed or brought upon the Premises within (30) days after the termination of this Lease for any reason. If not so removed, LESSOR shall have the right but not the obligation to remove the same at LESSEE'S expense; and in such event, LESSEE agrees to reimburse LESSOR for the costs thereof. In addition to such right of removal, LESSOR shall have the right to dispose of any such property in any manner whatsoever should LESSEE fail to remove the same within said period, including the destruction thereof in whole or in part, and LESSEE waives all claims and demands for any damage or loss arising by reason of any such removal and/or destruction.

ARTICLE VII

Mechanics' Liens

SECTION 7.01. LESSEE shall pay all costs for alterations and improvements to the Premises done by LESSEE or caused to be done by LESSEE as permitted or required by this Lease. LESSEE shall keep the Premises free and clear of all mechanics'

liens resulting from any such alterations or improvements done by or for LESSEE.

LESSEE shall have the right to contest the correctness or the validity of any such lien if, immediately on demand by LESSOR, LESSEE procures a bond issued by a corporation authorized to issue surety bonds in California, in favor of LESSOR in an amount equal to at least one and one-half times the amount of the claim of lien, which bond shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action).

ARTICLE VIII

Utilities

SECTION 8.01. LESSEE shall make all arrangements for and pay for any and all utilities and services furnished to or used by LESSEE, including, without limitation, gas, electricity, water, telephone service, and trash collection.

ARTICLE IX

Exculpation and Indemnity/Insurance

SECTION 9.01. LESSOR shall not be liable to LESSEE for any damage to LESSEE or LESSEE'S property from any cause whatsoever, except those that are caused by the sole negligent act or omission to act of LESSOR or its authorized representatives.

SECTION 9.02. LESSEE has inspected the entire Premises, is fully aware of the condition of said Premises, and accepts the same as is.

SECTION 9.03. LESSEE agrees to and does hereby indemnify and hold LESSOR harmless from and against all liability, claims, demands, costs, and expense of every kind and nature (including the cost of defense) for injury to or death of any

person or persons, and for damages, destruction, or loss, consequential or otherwise, to or of any and all real or personal property, or any right appurtenant thereto, occurring on, arising out of, or in any way connected with said Premises or LESSEE'S use thereof during the term hereof or any extensions thereof.

SECTION 9.04. LESSEE, at its own expense, shall maintain insurance applicable to the Premises of the following types and in the following amounts:

Insurance covering public liability and property damage as will fully protect LESSOR against claims of any and all persons for personal injury, death, or property damage occurring in or about the Premises, or in any manner arising out of or connected with LESSOR'S ownership or LESSEE'S use and occupation of said Premises or the condition thereof. Such insurance shall afford protection of not less than \$500,000 for injury to one person and \$1,000,000 for injury to more than one person in one accident and \$500,000 for damage to property per incident.

With respect to the insurance provided for in this Section, policies or certificates of insurance in form and substance satisfactory to LESSOR and written by companies acceptable to LESSOR shall be furnished to LESSOR. Furthermore, such policies shall name Lessor as an additional insured and shall be noncancellable without ten (10) days' prior written notice to LESSOR.

ARTICLE X

Eminent Domain

SECTION 10.01. If title to the fee of the whole of the Premises shall be taken or condemned by any competent authority for any public or quasi-public use, this Lease shall cease and terminate as of the date of such taking.

SECTION 10.02. If title to the fee of less than the whole of the Premises shall be so taken or condemned LESSEE, may terminate this Lease on thirty (30) days prior written notice to LESSOR.

SECTION 10.03. If title to the fee or less than the whole of the Premises shall be so taken or condemned but this Lease shall not be terminated pursuant to the provisions of the preceding Section, this Lease shall continue in full force and effect.

SECTION 10.04. In the event of any such total or partial taking or condemnation, the total award made by the authority which took or condemned the Premises, or any part thereof, shall be paid to LESSOR, and LESSEE shall have no right in and to any part of such award except such portion as is made solely for the loss or destruction of LESSEE'S property caused by such taking or condemnation.

ARTICLE XI

Sales, Assignments, and Subleases

SECTION 11.01. LESSOR may convey and otherwise dispose of the Premises and its interest under this Lease at any time and thereafter shall not be subject to any of the obligations of LESSOR under this Lease; and in the event of any transfer of LESSOR'S revision or its interest under this Lease, its rights, duties, and obligations under this Lease shall inure to and shall be binding on the transferee or successive transferees as the case may be.

SECTION 11.02. LESSOR shall be entitled to exhibit the Premises during business hours, after advance notice to LESSEE and without disturbing the operation of LESSEE'S business, for

the purpose of selling the Premises or LESSOR'S interest in this Lease, and LESSOR shall be entitled to attach to the Premises a notice or notices advertising said Premises for sale.

SECTION 11.03. LESSEE may not assign, sell, mortgage, pledge, or otherwise dispose of or encumber its interest in this Lease without the prior written consent of Lessor. The foregoing shall not prevent an assignment by operation of law in the event that LESSOR shall merge or consolidate with another corporation, provided that the net worth of the resulting corporation is at least equal to the net worth of LESSEE immediately prior to such consolidation or merger.

ARTICLE XII

Default/Remedies

SECTION 12.01. If (i) LESSEE shall fail (i) to comply with any of the terms, covenants, conditions, or obligations of this Lease for thirty (30) days after written notice from LESSOR, or in the case where such compliance cannot with due diligence be effected within thirty (30) days, if LESSEE fails to proceed within thirty (30) days of such notice and thereafter to prosecute with due diligence the completion of such compliance; or (ii) LESSEE shall file a petition in bankruptcy or for reorganization or to effect a plan or other arrangement with creditors, or be adjudicated a bankrupt or make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; or (iii) a receiver, trustee, or liquidator of LESSEE or of all or substantially all of the property of LESSEE shall be appointed in any proceedings brought by LESSEE, or if any such receiver, trustee, or liquidator shall be appointed in any

proceeding brought against LESSEE and if such receiver, trustee, or liquidator shall not be discharged within ninety (90) days after such appointment, then in any of such events LESSEE shall be deemed to be in default.

SECTION 12.2. In the event of a default by LESSEE, LESSOR may thereafter terminate this Lease without prior notice to or demand on LESSEE.

SECTION 12.03. The failure of LESSOR to insist in any case upon the strict performance of any term, condition or covenant in this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such term, condition, covenant or option.

SECTION 12.04. If LESSEE shall at any time fail to take out, pay for, maintain, or deliver any of the insurance policies or certificates provided for in Article IX, or shall fail to cure a default within the time set forth in Article XII after the notice therein specified of any default has been given thereunder, to make any other payment, or to perform any other act on its part to be made or performed, then LESSOR may but shall not be obligated so to do and without further notice or demand upon LESSEE and without waiving or releasing LESSEE of any obligations of LESSEE in this Lease contained, (a) make any such additional payment otherwise payable by LESSEE pursuant to Section 3.02, or (b) take out, pay for, and maintain any of the insurance policies provided for in Article IX, or (c) make any other payment or perform any other act on LESSEE'S part to be made or performed as in this Lease provided. All sums so paid by LESSOR and all necessary incidental costs and expenses in connection with the performance of any such act by

LESSEE, together with interest thereon at the rate of ten percent (10%) per annum from the date of making such expenditure by LESSOR, shall be payable to LESSOR on demand.

ARTICLE XIII

Miscellaneous

SECTION 13.01. LESSEE shall, at any time and from time to time upon not less than ten (10) days' prior request by LESSOR, execute, acknowledge, and deliver to LESSOR a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and, if so, the dates to which the fixed rent and any other rent or charges have been paid in advance, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser or encumbrancer (including assignees) of the Premises.

SECTION 13.02. Upon the expiration or earlier termination of this Lease, LESSEE shall surrender immediate possession of the Premises to the LESSOR in as good condition as they were at the time of the execution and delivery of this Lease.

SECTION 13.03. All notices to be given hereunder by either party shall be in writing and delivered by hand or sent by registered or certified mail addressed to the party intended to be notified at the address specified below, or to such other person at such other address as either party shall designate, by notice in writing to the other. All notices made by certified or registered mail shall be deemed

received by the party to which addressed forty-eight (48) hours after the deposit thereof, first-class postage prepaid, in the United States mails.

If notice is to LESSOR:

CALIFORNIA PORTLAND CEMENT COMPANY
800 Wilshire Boulevard
Los Angeles, California 90017

If notice is to LESSEE:

MARTIN SKLAR
11315 Pendleton Street
Sun Valley, California 91352

SECTION 13.04. LESSEE shall not record this Lease without the written consent of LESSOR. Upon the request of LESSOR, LESSEE shall join in the execution of a memorandum or so-called short form of this Lease for the purposes of recordation. Said memorandum or short form of this Lease shall describe the parties, the Premises, and the term of this Lease and shall incorporate this Lease by reference.

SECTION 13.05. The captions, section numbers, article numbers, and table of contents appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

SECTION 13.06. If any Article, Section, or Subsection of this Lease, in whole or in part, is adjudged unenforcible at law, such unenforcible provisions shall be considered as deleted herefrom, and except for such deletion all other provisions of this Lease shall remain in full force and effect.

SECTION 13.07. This Lease and the performance hereof shall be governed by the laws of the State of California.

SECTION 13.08. Time is of the essence in every particular of this Agreement.

SECTION 13.09. The foregoing represents the entire Agreement of the parties hereto with respect to said Premises and supersedes all prior negotiations and representations whatsoever.

IN WITNESS WHEREOF, LESSOR and LESSEE have caused this Lease to be executed by their duly authorized officers and their respective corporate seals to be hereunto affixed.

CALIFORNIA PORTLAND CEMENT COMPANY

By W. J. Conway
Lessor

MARTIN SKLAR

By Martin Sklar
Lessee

EXHIBIT "A"

That portion of Lot 8 of Tract 9329
recorded in Map Book 179, pages 9 and 10,
recorded in the records of Los Angeles County,
State of California, more particularly
described as follows:

Beginning at the intersection of
Southwesterly line of Glenoaks Boulevard with
the Northwesterly line of Pendleton Street;
thence Northwesterly along said Southwesterly
line of Glenoaks 500 feet; thence Southwesterly
990 feet to the true point of beginning thence
Southeasterly 500 feet to a point in the North-
westerly line of said Pendleton Street; thence
Southwesterly 330 feet along said Northwesterly
line of Pendleton Street; thence at right angles
to said Northwesterly line of Pendleton Street
330 feet to a point; thence Northerly to the
true point of beginning.

L E A S E

THIS LEASE is made this 11th day of November, 1980, by and between CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation (hereinafter ("LESSOR")), and ~~JOSE RODRIGUEZ and ALFONSO HARRISON~~, dba Sun Valley Auto Parts, (hereinafter "LESSEE").

RECITALS

1. LESSOR is the owner of certain real property and improvements located in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), which is more particularly described in Exhibit "A". Said exhibit is attached hereto and incorporated by this reference herein as though fully set forth.
2. LESSEE desires to lease the Premises from LESSOR subject to the terms and conditions which are more fully hereinafter set forth.
3. LESSEE has examined the Premises and is fully informed of the condition thereof.
4. LESSOR leases to LESSEE and LESSEE leases from LESSOR the premises subject to the following terms and conditions.

ARTICLE I

Term

SECTION 1.01. The term of this Lease shall commence on December 1, 1980, and shall terminate on July 31, 1985, unless sooner terminated as provided herein.

ARTICLE II

Rent

SECTION 2.01. During the term of this lease, LESSEE shall pay to LESSOR in advance without deduction or offset at such place or places as may be designated from time to time by LESSOR for the rent of the premises the sum of One Thousand, Nine Hundred and Fifty Dollars (\$1,950.00) per month on the first day of each month beginning December 1, 1980, subject to escalation as herein after provided.

Section 2.02. The monthly rental of \$1,950.00 shall be escalated on August 1, 1981, for the following one-year period of the term hereunder which is hereby designated the second year and on August 1, of each respective year for the following year of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, \$1,950.00 by the quotient, carried to four decimal places, of the Consumer Price Index--Los Angeles-Long Beach-Anaheim, CA., All Urban Consumers (DPI-LA-LB) for the month of May, 1981, divided by 249.1. The figure "249.1" is the 1979 CPI-LA-LB for the month of May, 1980. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on August 1, 1981, assuming the CPI for the month of May, 1981, is 260.

Solution:

Divide 260 by 249.1 equals 1.0438.

Multiply \$1,950.00 by 1.0438 equals \$2,035.41, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for each one-year period of the term hereunder. It shall be derived by dividing the May CPI of each respective year by 249.1. The escalated rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

SECTION 2.03. LESSEE is hereby granted an option to renew this lease for an additional period of three (3) years. The monthly rental for each one year period of the extension shall be escalated on April 1, of the respective period by multiplying \$1,950.00 by the quotient, carried to four decimal places, of the revised CPI for the month of May of the preceding respective period divided by 249.1. Such option, if exercised, shall be exercised by notice in writing to LESSOR of LESSEE's exercise of option given to LESSOR prior to January 31, 1985.

ARTICLE III

SECTION 3.01. LESSEE agrees to pay to LESSOR a sum equal to the increase in real property taxes hereafter assessed against said premises over and above the taxes on said Premises for the fiscal year 1979-1980. Payment of said taxes shall be made to LESSOR by LESSEE upon demand on or before the date upon which the first installment of said taxes becomes due.

SECTION 3.02. LESSEE shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied against LESSEE's personal property located in or on the Premises which become payable during the term hereof. On demand by LESSOR, LESSEE shall furnish LESSOR with satisfactory evidence of these payments.

ARTICLE IV

Use

SECTION 4.01. LESSEE shall use the Premises as an auto wrecking, storage, and dismantling yard. And shall not use said Premises for any other purpose or purposes without the prior written consent of LESSOR.

SECTION 4.02. LESSEE shall not use the Premises in any manner that will constitute a waste, nuisance, or unreasonable annoyance to owners or occupants of the Premises or to the public in general. Furthermore, LESSEE shall comply with all laws, regulations, and ordinances applicable to the Premises associated with the condition, use, and occupancy of the Premises.

ARTICLE V

Maintenance

SECTION 5.01. LESSEE shall maintain the Premises in good repair, perform any

replace any item of equipment which is a part thereof.

SECTION 5.02. LESSEE at its sole cost and expense shall maintain the Premises in a good and workable physical condition during the term hereof and shall deliver said Premises to LESSOR at the expiration of the term hereof in substantially the same condition as such Premises were in at the commencement of this Lease.

SECTION 5.03. It is understood and agreed that the leased Premises have been used as a land fill and that the LESSOR shall not be liable to LESSEE on account of any subsidence of the Premises. LESSEE agrees to keep the Leased Premises graded and in such condition that rain water will drain naturally and large ponding will not occur.

ARTICLE VI

Alterations/Improvements

SECTION 6.01. LESSEE shall not make any alterations or improvements (including filling and grading) to the Premises without LESSOR'S prior consent.

SECTION 6.02. LESSEE shall procure any necessary approvals and permits from all appropriate governmental agencies prior to making any authorized alteration of or improvement to the Premises and shall fully comply with any statute, law, regulation, or ordinance which may be applicable to same.

SECTION 6.03. LESSEE may place and maintain office and/or storage buildings and other items appurtenant thereto in and upon the Premises at his own risk and expense provided that he meets all requirements of law with respect thereto and subject to the prior approval in writing by LESSOR of the plans and specification for these improvements. LESSEE may remove said buildings upon expiration of the term of this Lease provided that LESSEE is not in default of any of the terms of this Lease. If LESSEE elects not to remove said building, the condition thereof shall be such that it will be useable without

major repairs or structural alteration by a succeeding tenant.

SECTION 6.04. LESSEE shall erect and maintain a fence on the perimeter of the Premises of such height and type that it is at all times in compliance with the law governing auto dismantling yards.

SECTION 6.05. LESSOR shall have the right to post about the Premises and record any notices of nonresponsibility regarding any such alterations or improvements that LESSOR deems advisable.

SECTION 6.06 LESSEE shall remove any and all personal property which LESSEE has placed or brought upon the Premises within (30) days after the termination of this Lease for any reason. If not so removed, LESSOR shall have the right but not the obligation to remove the same at LESSEE'S expense; and in such event, LESSEE agrees to reimburse LESSOR for the costs thereof. In addition to such right of removal, LESSOR shall have the right to dispose of any such property in any manner whatsoever should LESSEE fail to remove the same within said period, including the destruction thereof in whole or in part, and LESSEE waives all claims and demands for any damage or loss arising by reason of any such removal and/or destruction.

ARTICLE VII

Mechanics' Liens

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liens resulting from any such alterations or improvements done by or for LESSEE.

LESSEE shall have the right to contest the correctness or the validity of any such lien if, immediately on demand by LESSOR, LESSEE procures a bond issued by a corporation authorized to issue surety bonds in California, in favor of LESSOR in an amount equal to at least one and one-half times the amount of the claim of lien, which bond shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action).

ARTICLE VIII

Utilities

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ARTICLE IX

Exculpation and Indemnity/Insurance

SECTION 9.01. LESSOR shall not be liable to LESSEE for any damage to LESSEE or LESSEE'S property from any cause whatsoever, except those that are caused by the sole negligent act or omission to act of LESSOR or its authorized representatives.

SECTION 9.02. LESSEE has inspected the entire Premises, is fully aware of the condition of said Premises, and accepts the same as is.

SECTION 9.03. LESSEE agrees to and does hereby indemnify and hold LESSOR harmless from and against all liability, claims, demands, costs, and expense of every kind and nature (including the cost of defense) for injury to or death of any

person or persons, and for damages, destruction, or loss, consequential or otherwise, to or of any and all real or personal property, or any right appurtenant thereto, occurring on, arising out of, or in any way connected with said Premises or LESSEE'S use thereof during the term hereof or any extensions thereof.

SECTION 9.04. LESSEE, at its own expense, shall maintain insurance applicable to the Premises of the following types and in the following amounts:

Insurance covering public liability and property damage as will fully protect LESSOR against claims of any and all persons for personal injury, death, or property damage occurring in or about the Premises, or in any manner arising out of or connected with LESSOR'S ownership or LESSEE'S use and occupation of said Premises or the condition thereof. Such insurance shall afford protection of not less than \$500,000 for injury to one person and \$1,000,000 for injury to more than one person in one accident and \$500,000 for damage to property per incident.

With respect to the insurance provided for in this Section, policies or certificates of insurance in form and substance satisfactory to LESSOR and written by companies acceptable to LESSOR shall be furnished to LESSOR. Furthermore, such policies shall name Lessor as an additional insured and shall be noncancellable without ten (10) days' prior written notice to LESSOR.

ARTICLE X

Eminent Domain

SECTION 10.01. If title to the fee of the whole of the Premises shall be taken or condemned by any competent authority for any public or quasi-public use, this Lease shall cease and terminate as of the date of such taking.

SECTION 10.02. If title to the fee of less than the whole of the Premises shall be so taken or condemned LESSEE, may terminate this Lease on thirty (30) days prior written notice to LESSOR.

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SECTION 10.04. In the event of any such total or partial taking or condemnation, the total award made by the authority which took or condemned the Premises, or any part thereof, shall be paid to LESSOR, and LESSEE shall have no right in and to any part of such award except such portion as is made solely for the loss or destruction of LESSEE'S property caused by such taking or condemnation.

ARTICLE XI

Sales, Assignments, and Subleases

SECTION 11.01. LESSOR may convey and otherwise dispose of the Premises and its interest under this Lease at any time and thereafter shall not be subject to any of the obligations of LESSOR under this Lease; and in the event of any transfer of LESSOR'S revision or its interest under this Lease, its rights, duties, and obligations under this Lease shall inure to and shall be binding on the transferee or successive transferees as the case may be.

SECTION 11.02. LESSOR shall be entitled to exhibit the Premises during business hours, after advance notice to LESSEE and without disturbing the operation of LESSEE'S business, for

the purpose of selling the Premises or LESSOR'S interest in this Lease, and LESSOR shall be entitled to attach to the Premises a notice or notices advertising said Premises for sale.

SECTION 11.03. LESSEE may not assign, sell, mortgage, pledge, or otherwise dispose of or encumber its interest in this Lease without the prior written consent of Lessor. The foregoing shall not prevent an assignment by operation of law in the event that LESSOR shall merge or consolidate with another corporation, provided that the net worth of the resulting corporation is at least equal to the net worth of LESSEE immediately prior to such consolidation or merger.

ARTICLE XII

Default/Remedies

SECTION 12.01. If (i) LESSEE shall fail (i) to comply with any of the terms, covenants, conditions, or obligations of this Lease for thirty (30) days after written notice from LESSOR, or in the case where such compliance cannot with due diligence be effected within thirty (30) days, if LESSEE fails to proceed within thirty (30) days of such notice and thereafter to prosecute with due diligence the completion of such compliance; or (ii) LESSEE shall file a petition in bankruptcy or for reorganization or to effect a plan or other arrangement with creditors, or be adjudicated a bankrupt or make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; or (iii) a receiver, trustee, or liquidator of LESSEE or of all or substantially all of the property of LESSEE shall be appointed in any proceedings brought by LESSEE, or if any such receiver, trustee, or liquidator shall be appointed in any

proceeding brought against LESSEE and if such receiver, trustee, or liquidator shall not be discharged within ninety (90) days after such appointment, then in any of such events LESSEE shall be deemed to be in default.

SECTION 12.2. In the event of a default by LESSEE, LESSOR may thereafter terminate this Lease without prior notice to or demand on LESSEE.

SECTION 12.03. The failure of LESSOR to insist in any case upon the strict performance of any term, condition or covenant in this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such term, condition, covenant or option.

SECTION 12.04. If LESSEE shall at any time fail to take out, pay for, maintain, or deliver any of the insurance policies or certificates provided for in Article IX, or shall fail to cure a default within the time set forth in Article XII after the notice therein specified of any default has been given thereunder, to make any other payment, or to perform any other act on its part to be made or performed, then LESSOR may but shall not be obligated so to do and without further notice or demand upon LESSEE and without waiving or releasing LESSEE of any obligations of LESSEE in this Lease contained, (a) make any such additional payment otherwise payable by LESSEE pursuant to Section 3.02, or (b) take out, pay for, and maintain any of the insurance policies provided for in Article IX, or (c) make any other payment or perform any other act on LESSEE'S part to be made or performed as in this Lease provided. All sums so paid by LESSOR and all necessary incidental costs and expenses in connection with the performance of any such act by

LESSEE, together with interest thereon at the rate of ten percent (10%) per annum from the date of making such expenditure by LESSOR, shall be payable to LESSOR on demand.

ARTICLE XIII

Miscellaneous

SECTION 13.01. LESSEE shall, at any time and from time to time upon not less than ten (10) days' prior request by LESSOR, execute, acknowledge, and deliver to LESSOR a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and, if so, the dates to which the fixed rent and any other rent or charges have been paid in advance, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser or encumbrancer (including assignees) of the Premises.

SECTION 13.02. Upon the expiration or earlier termination of this Lease, LESSEE shall surrender immediate possession of the Premises to the LESSOR in as good condition as they were at the time of the execution and delivery of this Lease.

SECTION 13.03. All notices to be given hereunder by either party shall be in writing and delivered by hand or sent by registered or certified mail addressed to the party intended to be notified at the address specified below, or to such other person at such other address as either party shall designate, by notice in writing to the other. All notices made by certified or registered mail shall be deemed

received by the party to which addressed forty-eight (48) hours after the deposit thereof, first-class postage prepaid, in the United States mails.

If notice is to LESSOR:

CALIFORNIA PORTLAND CEMENT COMPANY
800 Wilshire Boulevard
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SUN VALLEY AUTO PARTS
11315 Pendleton Street
Sun Valley, California 91352

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SECTION 13.05. The captions, section numbers, article numbers, and table of contents appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

SECTION 13.06. If any Article, Section, or Subsection of this Lease, in whole or in part, is adjudged unenforcible at law, such unenforcible provisions shall be considered as deleted herefrom, and except for such deletion all other provisions of this Lease shall remain in full force and effect.

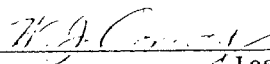
SECTION 13.07. This Lease and the performance hereof shall be governed by the laws of the State of California.

SECTION 13.08. Time is of the essence in every particular of this Agreement.


SECTION 13.09. The foregoing represents the entire Agreement of the parties hereto with respect to said Premises and supersedes all prior negotiations and representations whatsoever.

IN WITNESS WHEREOF, LESSOR and LESSEE have caused this Lease to be executed by their duly authorized officers and their respective corporate seals to be hereunto affixed.

CALIFORNIA PORTLAND CEMENT COMPANY

By  Lessor

JESSEE RODRIGUEZ

By  Lessee

ALPHONSE HARRISON


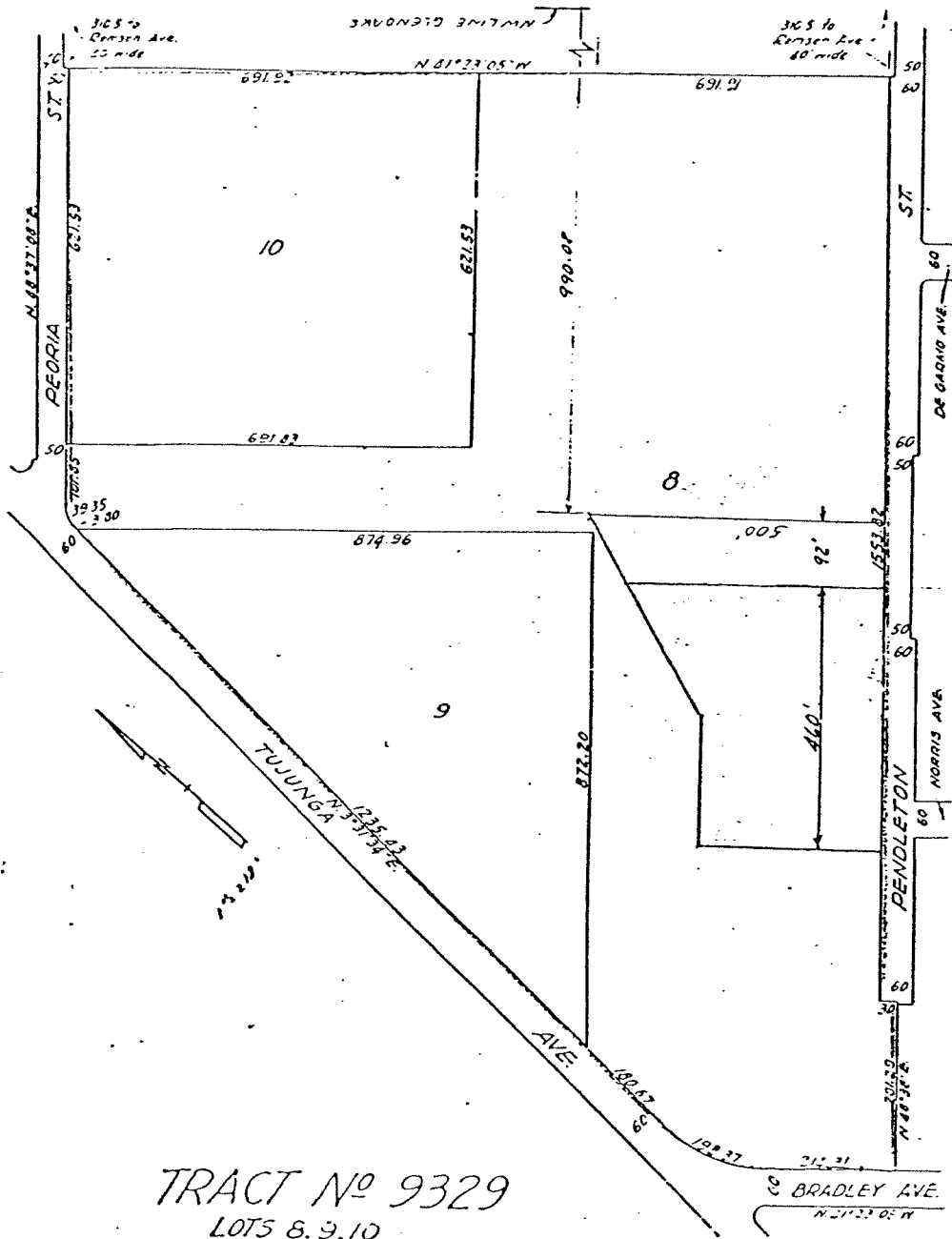
By  Lessee

EXHIBIT "A"

That portion of Lot 8 of Tract 9329 recorded in Map Book 179, pages 9 and 10, recorded in the records of Los Angeles County, State of California, more particularly described as follows:

Beginning at the intersection of Southwesterly line of Glenoaks Boulevard with the Northwesterly line of Pendleton Street; thence Northwestly along said Southwesterly line of Glenoaks 444.24 feet; thence Southwesterly 1082 feet to the true point of beginning thence Southeasterly 444.24 feet to a point in the Northwesterly line of said Pendleton Street; thence Southwesterly 460 feet along said Northwesterly line of Pendleton Street; thence at right angles to said Northwesterly line of Pendleton Street 300 feet to a point; thence Northeasterly parallel to Pendleton Street 222 feet to a point; thence northerly to the true point of beginning.



This is not a survey of the land, but is compiled
for information only, nor is it a part of the report
or policy to which it may be attached.

AMENDMENT TO LEASE

This Amendment to Lease is made and entered into this 19th day of November, 1980, by and between CALIFORNIA PORTLAND CEMENT COMPANY, hereinafter called "Lessor" and MARTIN SKLAR, hereinafter called "Lessee".

RECITALS

The parties hereto entered into a lease on July 29, 1980, covering approximately three (3) acres of real property situated in the City of Los Angeles, County of Los Angeles, State of California, in Block 8 of Tract 9329, as shown in Map Book 179, pages 9 and 10, Records of Los Angeles County. Lessee now desires to surrender approximately two (2) acres of the property so leased reducing the leased area to one (1) acre. This arrangement is satisfactory to Lessor.

NOW, THEREFORE, in consideration of the premises and of the mutual promises of the parties which are hereinafter set forth, it is agreed that the lease of July 29, 1980, is amended as follows:

- A. This amendment shall become effective on December 1, 1980.
- B. The monthly rent of recited in Section 2.01, 2.02 and 2.03 is hereby amended to
- C. The area described in Exhibit "A" to said lease is hereby amended as follows:

That portion of Lot 8 of Tract 9329 recorded in Map Book 179, pages 9 and 10, recorded in the records of Los Angeles County, State of California, more particularly described as follows:

Beginning at the intersection of Southwesterly line of Glenoaks Boulevard with the Northwesterly line of Pendleton Street; thence Northwesterly along said Southwesterly line of Glenoaks 500 feet; thence Southwesterly 990 feet to the true point of beginning thence Southeasterly 500 feet to a point in the Northwesterly line of said Pendleton Street; thence Southwesterly 92

feet along said Northwesterly line of Pendleton Street;
thence at right angles to said Northwesterly line of
Pendleton Street 444.24 feet to a point; thence North-
erly to the true point of beginning, containing one
acre more or less.

IN WITNESS WHEREOF, the parties hereto have caused this instrument
to be executed.

CALIFORNIA PORTLAND CEMENT CO.

By W. J. Conroy
Lessor

MARTIN SKLAR

By Martin Sklar
Lessee

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease is made and entered into this 1st day of ^{June} ~~May~~, 1981, by and between CALIFORNIA PORTLAND CEMENT COMPANY, hereinafter called Lessor, and MARTIN SKLAR, hereinafter called Lessee.

RECITALS

The parties hereto entered into a lease on July 29, 1980, covering approximately three (3) acres of real property situated in the City of Los Angeles, County of Los Angeles, State of California, in Block 8 of Tract 9329 as shown in Map Book 179, pages 9 and 10, Records of Los Angeles County. By Amendment to Lease dated November 19, 1980, the area contained therein was reduced to one acre. The parties hereto now wish to add approximately 1.10 acre thereto making a total lease area of 2.10 acres.

NOW, THEREFORE, in consideration of the premises and of the mutual promises of the parties which are hereinafter set forth, it is agreed that the lease of July 29, 1980, is amended as follows:

- A. This amendment shall become effective on June 1, 1981.
- B. The monthly rent of \$1,650 recited in Section 2.01, 2.02 and 2.03, which was amended to \$550 by the "Amendment to Lease" dated November 19, 1980, is hereby again amended to ~~\$1500.00~~ ^{917.00} *and* *WX*.
- C. The area described in Exhibit "A" to said lease is hereby amended as follows:

Those portions of Lots 8 and 9 of Tract 9329 recorded in Map Book 179, pages 9 and 10, recorded in the records of Los Angeles County, State of California, more particularly described as follows:

Parcel No. 1

Beginning at the intersection of Southwesterly line of Glenoaks Boulevard with the Northwesterly line of Pendleton Street; thence Northwesterly along said Southwesterly line of Glenoaks 500 feet; thence Southwesterly 990 feet parallel to said Pendleton Street to

the true point of beginning (1) thence Southeasterly 500 feet to a point in the Northwesternly line of said Pendleton Street; (2) thence Southwesterly 92 feet along said Northwesternly line of Pendleton Street; (3) thence at right angles to said Northwesternly line of Pendleton Street 444.24 feet to a point; (4) thence Northerly to the true point of beginning, containing one acre more or less.

Parcel No. 2

Beginning at the true point of beginning of Parcel No. 1 (1) thence Northwesternly 190 feet on an extension of course No. 1 of Parcel No. 1; (2) thence at right angles Southwesterly 200 feet; (3) thence at right angles Southeasterly 311.21 feet to a point in the Southerly extension of Course No. 4 of Parcel No. 1; (4) thence Northerly to the true point of beginning, containing 1.1 acres more or less.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed.

CALIFORNIA PORTLAND CEMENT CO.

By W. J. Conway
Lessor

MARTIN SKLAR

By Martin Sklar
Lessee

Orig. to T. M. H.
Copy to W. J. H.

AMENDMENT TO LEASE

THIS AGREEMENT is made and entered into this 18th day of March, 1981, between California Portland Cement Company, a California Corporation, hereinafter called "Lessor", and INSURANCE SALVAGE SERVICE, INC., a California Corporation, hereinafter called "Lessee" and shall become effective on March 18, 1981.

RECITALS

The parties hereto wish to amend that certain lease dated April 2, 1979, entered into by and between Lessor and Lessee (hereinafter the "Lease"). Said Lease covers certain property leased by Lessor to Lessee in the Sun Valley District of the City of Los Angeles, California.

AGREEMENT

NOW, THEREFORE in consideration of the premises and the promises of the parties hereto, which are hereinafter set forth, it is agreed that the Lease is amended in the following particulars:

1. The use of the premises described in paragraph 7 shall be expanded to include the dismantling of automobile and the sale of parts therefrom.
2. The words "except as stated below" in the third sentence of Paragraph 7 shall be deleted.
3. The second paragraph of Paragraph 7 which begins with the words, "It is the intention . . ." shall be deleted in its entirety.
4. The words, "except as provided in Paragraph 7 below" in the second sentence of paragraph 5 shall be deleted.

4. In Exhibit "A" Course (6) is amended to read as follows, "(6) thence on and along the further extension of said Course (2) a distance of 250 feet".
5. In Exhibit "A" Course (8) is amended to read as follows, "(8) thence northeasterly along said northwesterly line of Pendleton Street, a distance of 790 feet more or less to the True Point of Beginning containing 18.46 acres more or less. The obvious typographical error of the incomplete Course (8) is deleted.
6. Lessee agrees to pay as rent on the first of each month beginning on April 1, 1981, the sum of \$5,180.00 which shall be rent for the area in the original lease and the additional two acres added by this Amendment.
7. Paragraphs 3 and 4 are hereby amended to read as follows:
 3. Lessee agrees to pay Lessor as rental for said premises monthly installments of \$4,841.32 each, subject to escalation as hereinafter provided, in advance, on the first of each month, beginning April 1, 1979, for the first year of the term hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes hereafter assessed against said real property over and above the taxes on the demised premises for the fiscal year 1965-1966. Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which said taxes become due.

The monthly rental of \$4,841.32 shall be escalated on April 1, 1980, for the second one-year period of the term hereunder and on April 1, 1981,

for the third one-year period of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, \$4,841.32 by the quotient, carried to four decimal places, of the 1967 Consumer's Price Index-- Los Angeles-Long Beach-Anaheim, CA, All Urban Consumers (CPI-LA-LB) for the month of January, 1980, divided by 199.6. The figure "199.6" is the 1979 CPI-LA-LB for the month of January, 1979. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on April 1, 1980, assuming the CPI for the month of January, 1980, is 210.

Solution:

Divide 210 by 199.6 equals 1.0521.

Multiply \$4,841.32 by 1.0521 equals \$5,093.55, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for the third one-year term of the term hereunder. It shall be derived by dividing the January, 1981, CPI by 199.6. The escalated rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one-year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

4. Lessee is hereby granted an option to renew this lease for eight additional periods of one (1) year

each. The monthly rental for each period shall be escalated on April 1, of the respective period by multiplying \$4,841.32 by the quotient, carried to four decimal places, of the revised CPI for the month of January of the preceding respective period divided by 199.6. Such options, if exercised, shall be exercised by notice in writing to Lessor of Lessee's exercise of option given to Lessor on or prior to January 1 of each respective year. Such notice of exercise of option shall be given in accordance with the provision for the giving of notices hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes as herein provided under Section 3.

The purpose of this amendment is to enlarge the leased area, to correspondingly increase the rent and to make certain adjustments to accommodate a different use. Nothing contained herein shall be construed to add to the liability hereunder of Insurance Salvage Service prior to March 18, 1981.

Except as otherwise specifically provided for herein, all provisions of the Lease are in full force and effect and are unaltered by this Amendment to Lease.

IN WITNESS WHEREOF, the parties hereto have caused the presents to be executed as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT COMPANY

W. J. Conway
(Lessor)

INSURANCE SALVAGE SERVICE

Sam C. McElroy
(Lessee)

*To contract drawer
cc Tim M. 1981*

SECOND AMENDMENT TO LEASE

THIS AGREEMENT is made and entered into this 24th day of June, 1981, between California Portland Cement Company,* a California Corporation, hereinafter called "Lessor", and INSURANCE SALVAGE SERVICE, INC., a California Corporation, hereinafter called "Lessee" and shall become effective on June 1, 1981.

RECITALS

The parties hereto wish to amend that certain lease dated April 2, 1979, entered into by and between Lessor and Lessee (hereinafter the "Lease"). Said Lease covers certain property leased by Lessor to Lessee in the Sun Valley District of the City of Los Angeles, California. The purpose of this amendment is to enlarge the leased area and to increase the rent.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the promises of the parties hereto, which are hereinafter set forth, it is agreed that the Lease is amended in the following particulars:

1. The following described parcel of land is added to the leased area:

Those portions of Lots 8 and 9, Tract 9329, recorded in Book 179, pages 9 and 10 more particularly described as follows:

Beginning at the Westerly corner of the intersection of Glen Oaks Boulevard and Pendleton Street; thence Northwesterly along the Southwesterly line of Glen Oaks 880 feet; thence Southwesterly along a line parallel with Pendleton Street 990 feet to the true point of beginning; thence continuing on and along said parallel line a distance of 200 feet; thence Southeasterly along a line parallel to Glen Oaks Boulevard 190 feet; thence

Northeasterly along a line parallel with Pendleton
Street 200 feet to a point in Course No. 7 of Exhibit
A of said lease; thence Northwesterly along said Course
No. 7 to the true point of beginning.

2. Lessee agrees to pay as rent on the first of each month beginning
June 1, 1981, the sum of Six Thousand Five Hundred Seventy Dollars
(6,570.00) which shall be rent for the area in the original lease,
the area in the Amendment to Lease dated March 18, 1981, and the
area in paragraph No. 1 above. This rent shall be subject to
escalation as provided in the Lease and in the Amendment to Lease
on April 1, 1982, and on each subsequent April 1.

Except as otherwise specifically provided for herein, all provisions
of the Lease are in full force and effect and are unaltered by this
Amendment to Lease.

IN WITNESS WHEREOF, the parties hereto have caused the presents to be
executed as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT CO.

By William J. Conway
Lessor

INSURANCE SALVAGE SERVICE, INC.

By B. L. ... B. M. ...
Lessee

AMENDMENT OF LEASE

This Amendment of Lease is made at Los Angeles, California, this 17TH day of March, 1982, by and between California Portland Cement Company, hereinafter referred to as "Lessor", and All Auto Parts, Inc., hereinafter referred to as Lessee".

WHEREAS, the parties hereto have heretofore entered into an agreement to lease dated January 23, 1981 relative to the Premises at 11401 Pendleton Street, Sun Valley, California, and;

WHEREAS, the parties hereto desire to amend said lease in order to correctly reflect the desire of parties;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises contained hereinafter, the parties hereto agree as follows:

A. Paragraph 51 of said lease relating to Lessee's Right of First Refusal to release the premises at the termination of the initial term is deleted.

B. Paragraph 54 captioned OPTION TO EXTEND is added, to wit:

"Providing Lessee is not then in default under any of the terms, covenants and/or conditions of the herein lease, Lessee shall have the right to extend the term of this lease for an additional successive period of five (5) years upon giving notice in writing to Lessor not later than November 1, 1990 of its intention to so exercise this option to extend. The terms, covenants and conditions of the extended term shall be the same as in this lease and the monthly rental shall continue to be adjusted at each anniversary according to the formulation expressed in Paragraph 48 hereof."

C. Paragraph 55 captioned RIGHT OF FIRST REFUSAL ON ADJOINING SPACE is added, to wit:

"The parties hereto agree that Lessee shall have the Right of First Refusal to lease the property immediately adjoining the herein leased Premises to the east, at the time said property next becomes available for lease, on terms and conditions to be mutually agreed upon by Lessor and Lessee."

D. Paragraph 56 captioned BROKER'S COMMISSION is added, to wit:

"The parties agree that Lessee will be responsible to CBI Properties, Inc., (hereinafter referred to as "Broker") for all commissions due Broker as the result of Lessee's exercise of its Option to Extend pursuant to Paragraph 54 hereof or its exercise of its Right of First Refusal on Adjoining Space pursuant to Paragraph 55, said commission to be based in accordance with the schedule of said Broker in effect at the time of execution of this lease."

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Lease on the day and date first written above.

Executed at Colton, California

on March 23, 1982

Address 695 So. Rancho

Colton, California 92324

CALIFORNIA PORTLAND CEMENT COMPANY

By William J. Conway
William J. Conway

By _____

"LESSOR"

Executed at Los Angeles, California

on March 17, 1982

Address 7605 Coldwater Canyon Avenue

North Hollywood, California 91605

ALL AUTO PARTS, INC.

By Edward Milmeister
Edward Milmeister

By Michael Milmeister
Michael Milmeister

"LESSEE"

*Here To 7-27-82
Content Prover
KJ*

THIRD AMENDMENT TO LEASE

THIS AGREEMENT is made and entered into this 29th day of March, 1982, between California Portland Cement Company, a California Corporation, hereinafter called "Lessor", and Sun Valley Pick-Your-Part Auto Wrecking, successor in interest to, and INSURANCE SALVAGE SERVICE, INC., a California Corporation, hereinafter called "Lessee" and shall become effective on April 1, 1982.

RECITALS

The parties hereto wish to amend that certain lease dated April 2, 1979, entered into by and between Lessor and Lessee (hereinafter the "Lease"). Said Lease covers certain property leased by Lessor to Lessee in the Sun Valley District of the City of Los Angeles, California. The purpose of this amendment is to enlarge the leased area and to increase the rent.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the promises of the parties hereto, which are hereinafter set forth, it is agreed that the Lease is amended in the following particulars:

1. The following description is that of the leased premises and supercedes the descriptions in the Lease and the second amendment thereto:

Portions of Block 18, Lots 12 and 24 of Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, Map Blk 3, p. 17 and 18 and portions of Lot 8 and 10 of Tract 9329, as shown in Book 179, pages 9 and 10 of Maps, Records of Los Angeles County, all located in the Sun Valley Section of Los Angeles, California, more particularly described as follows:

Beginning at the Westerly corner of the intersection of Glen Oaks Boulevard and Pendleton Street, thence Southwesterly along the Northwesterly boundary of Pendleton Street 200 feet more or less to the True Point of Beginning; (1) thence Northwesterly on a line parallel with Glen Oaks a distance of 880 feet more or less; (2) thence Southwesterly at an angle of 90° a distance of 90 feet more or less; (3) thence northwesterly on a line parallel with Glen Oaks Boulevard a distance of 300 feet, more or less; (4) thence South 48°38'10" West, 100 feet; thence South 37°00'42" West, 595.43 feet; thence 53°33'15" West, 300 feet, more or less, to a point which is the terminus of the first course of the description of the area added by the second amendment to this lease; thence Southeasterly along a line parallel to Glen Oaks Boulevard 190 feet; thence Northeasterly along a line parallel with Pendleton Street 200 feet to a point; (5) thence Southeasterly at right angles thereto a distance of 690 feet more or less and parallel to Glen Oaks Boulevard, to a point in the northwesterly line of Pendleton Street; (6) thence Northeasterly along said northwesterly line of Pendleton Street a distance of 790 feet more or less to the True Point of Beginning containing 19.3 Ac.±.

2. Lessee agrees to pay as rent on the first of each month beginning April 1, 1982, the sum of Seven Thousand Nine Hundred Dollars (\$7,900.00) which shall be rent for the area described in paragraph No. 1 above. This rent shall be subject to escalation as provided in the Lease and in the Amendment to Lease on April 1, 1983, and on each subsequent April 1.

Except as otherwise specifically provided for herein, all provisions of the Lease are in full force and effect and are unaltered by this Amendment to Lease.

IN WITNESS WHEREOF, the parties hereto have caused the presents to be executed as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT CO.

BY M. J. Conway
Lessor

SUN VALLEY PICK YOUR PART AUTO
WRECKING AND INSURANCE SALVAGE
SERVICE, INC.

BY Glenn McElroy
Lessee

ADDENDUM TO

SUBLEASE

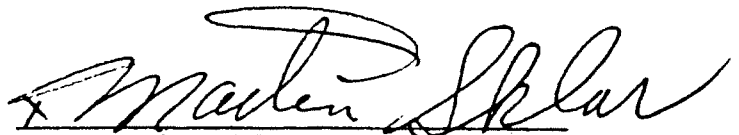
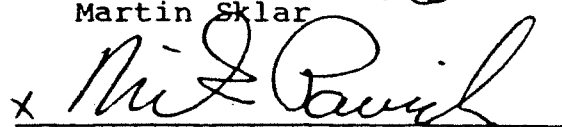
THAT SUBLEASE dated June 30, 1981, by and between
MARTIN SKLAR and NICK PAVICH, is amended as follows:

The property is described as shown in Exhibit "A"
attached hereto and made a part hereof, and designated
"Parking", "#1", "#2" and "Driveway".

The monthly rental shall be \$1,123.74.

Except as modified, said Sublease shall remain
in full force and effect and subject to the Master Lease
and the amendments thereto, July 29, 1980, and June 1st, 1981.

Dated this ____ day of March, 1983, at Sun Valley,
California,

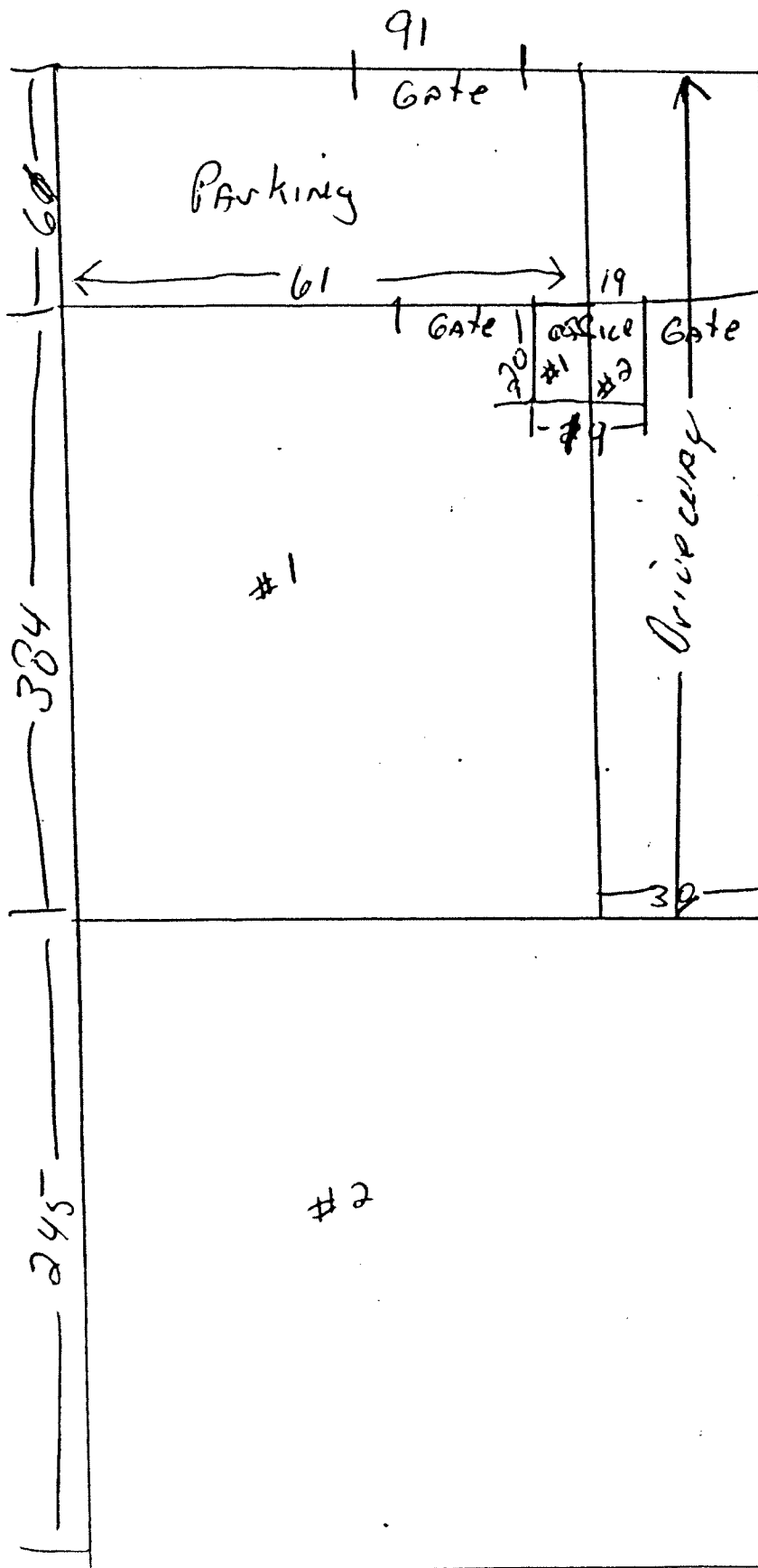

Martin Sklar

Nick Pavich

Addendum to
Sublease Approved:

California Portland Cement Company, Lessor
a California corporation

By _____

11313 Pendleton St.



Square Ft

Parking	5551
Driveway	11520
Yard #1	23424
Yard #2	22295
Yard #3	29702
total	92492

SUBLEASE

This sublease made this 1st day of March, 1983, by and between NICK PAVICH, hereinafter referred to as "SUBLESSOR", and HAGOP A. HAIRABEDIAN, ✓ hereinafter referred to as "SUBLESSEE".

AND KHATCHIK A. HAIRABEDIAN

H-A-H. K-A-H

JOINTLY AND SEVERALLY

H-A-H. K-A-H

WITNESSETH:

SUBLESSOR and SUBLESSEE in consideration of their mutual covenants, agreements and promises hereinafter contained do hereby covenant and agree with each other jointly and severally as follows:

1. PROPERTY LEASED. That the SUBLESSOR in consideration of the covenants and agreements, hereinafter contained to be paid, kept and performed by the SUBLESSEE and upon the condition that each and all of the said covenants and agreements shall be duly kept and performed by the SUBLESSEE, does by these presents lease, demise and let unto SUBLESSEE a portion of those certain premises known as 11313 Pendleton Street, Sun Valley, City of Los Angeles, County of Los Angeles, State of California, described as follows: an area approximately 61 feet by 384 feet, and the southerlly approximate 61 feet by 90 feet to be used in common with sublessor for required customer parking and access to other portions of the premises occupied by sublessor and for no other purposes and one half of the structure thereon, as is. Said property is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference--(the portion of the building indicated by the number 1 is the portion to be occupied by SUBLESSEE).

2. TERM. SUBLESSEE is to have and to hold the said premises thereunto, for a term or period of seven (7) years three (3) months commencing on the 1st day of April, 1983, and terminating on the 30th day of JUNE, 1990. This sublease shall be subject to the underlying master lease and subleases held by SUBLESSOR on the subject premises. SUBLESSOR covenants that the within sublease contains all of the special conditions of the "Master Lease".

3. RENT. The total rent for the demised premises shall be EIGHTY SEVEN THOUSAND DOLLARS (\$87,000.00), payable in advance in monthly payments as follows: ONE THOUSAND DOLLARS (\$1,000.00) each month commencing April 1, 1983, and on the same date of each succeeding month in the term of this sublease. The rent for the demised premises shall, commencing with the 1st day of January, 1984, be increased 10% on January 1, 1984, and each succeeding January 1st in the term of this sublease.

4. HOLDING OVER. In the event that SUBLESSEE, occupies the premises after the expiration of the term herein granted, then occupancy of the premises by SUBLESSEE shall be deemed to be on a month-to-month tenancy, subject to the terms,

conditions and covenants of the within lease or options thereunder, terminable with either party giving at least thirty (30) days written notice to the other of its or their intention to terminate said tenancy.

5. CASH PAYMENT. SUBLESSEE hereby hands to SUBLESSORS the sum of \$2,000.00, \$1,000.00 being for payment of the first month of the term herein and \$1,000.00 being for security for the faithful performance of the terms, covenants and conditions of the within Sublease. If SUBLESSEE has faithfully performed all of the terms, conditions and covenants of this lease said sum shall be applied toward payment of the last months rental. Said security deposit shall bear no interest.

6. HIRING. SUBLESSEE does hereby hire and take of and from said SUBLESSORS the said premises for the term, at the rental provided hereinabove and subject to the covenants, agreements and promises contained.

7. PAYMENT. SUBLESSEE covenants that it will pay the said rent reserved to the SUBLESSOR at the office of the SUBLESSOR, or such other place or places as may be designated from time to time by the SUBLESSOR, at the time and manner provided as aforesaid for the payment thereof without deduction or delay; and that in the event of a failure of SUBLESSEE to so do, or in the event of a breach of any of the other covenant, or agreements herein contained on the part of SUBLESSEE to be kept and performed, it shall be lawful for the SUBLESSOR after giving to the SUBLESSEE three (3) days written notice of default, to re-enter into and upon the said premises and every part thereof, and to remove all persons and property therefrom and to repossess and enjoy the said premises. Any re-entry or repossession of the said premises by SUBLESSOR or any notice served in the connection therewith shall not operate to release the SUBLESSEE from any obligation under this lease except with the written consent of the SUBLESSOR. If SUBLESSEE shall be in default in the performance of any conditions, covenants or agreement herein contained or shall abandon or vacate the said premises, besides other remedies or rights LESSORS may have, it shall be optional that SUBLESSOR after giving said three (3) days notice of default, without further notice to enter and possess the premises as an agent of SUBLESSEE and for its account. Without limitation of any right to damages he may have upon default, of SUBLESSEE, SUBLESSOR may apply the security deposit paid herein to reduce any damages accruing hereunder.

8. ASSIGNMENT. SUBLESSEE shall not transfer, assign, hypothecate, pledge or encumber this lease or any right or interest therein nor sublet the premises except as hereinafter granted or any part thereof without in each case obtaining the prior written consent of SUBLESSOR and will not permit and transfer by operation of law the interest of said premises acquired through this lease. If SUBLESSOR shall consent to any assignment, subletting or use by any persons other than SUBLESSEE, neither SUBLESSEE nor any assignee shall be relieved

of any liability hereunder, and any such consent by SUBLESSOR shall not operate as a waiver of the necessity for a consent to any subsequent assignment, subletting or use by persons other than SUBLESSEE. SUBLESSOR will not withhold the right to sublet unreasonably. Consent shall not be conditioned upon payment of additional consideration. If consent or non-consent is not given before the expiration of fifteen (15) days after the receipt of written request by SUBLESSOR, it shall be presumed to have been given. If the within sublease is transferred to a corporation or partnership in which SUBLESSEE holds at least a fifty (50%) per cent interest, said assignment shall not be subject to the consent requirement nor shall it relieve SUBLESSEE of any liability hereunder; should however SUBLESSEE transfer any part of said interest so as to leave him with less than a fifty (50%) per cent in the successor partnership, corporation or other entity in that instance SUBLESSOR shall have the right to consent to the transfer or assignment to said successor entity, at the time said event occurs. SUBLESSEE shall give SUBLESSOR notice in writing of the said transfer.

9. RIGHT TO OCCUPY. No corporation, firm or person other than SUBLESSEE shall have the right to occupy the premises or any part thereof by virtue of any bankruptcy or insolvency, assignment for the benefit of creditors, or reorganization proceedings or any receivership or other legal process, either under attachment, execution or otherwise or in any manner whatsoever growing out of any proceeding or suit in law or equity.

10. TRANSFER IN VIOLATION. Any transfer or assignment in violation of paragraphs 8 or 9 shall be null and void.

11. LIABILITY. SUBLESSEE agrees to protect SUBLESSOR and save it harmless, and will defend any actions and satisfy any judgments from any and all liability for any damage to any occupant of the leased premises, or to any other person, during the term of this lease, occasioned by their carelessness, negligence or improper conduct on the part of SUBLESSEE, or any other person, for any damage, loss or injury to the person, property or effects of SUBLESSEE, or any other person suffered on, in, or about the same, by reason of the construction of, or any present, future latent, or other defects in the form, character or condition of the leased premises, or any part or portion thereof, or for lack of repair and SUBLESSEE agrees to hold SUBLESSOR harmless from and will defend any actions and satisfy any judgments on account of any and all losses, costs, damages, claims for damages, or other liability on account of such injury or damages. SUBLESSEE agrees to have SUBLESSOR named as an additional insured on its comprehensive liability insurance policy which shall at all times be adequate and which shall until further notice from SUBLESSOR to SUBLESSEE shall have limits of at least:

\$500,000 - property damage in any one occurrence;

\$500,000 - For death or injury to any one person in any one occurrence;

\$1,000,000 - For death or injury to two or more persons in any one occurrence.

SUBLESSEE shall pay one half of the fire insurance premiums paid by SUBLESSOR on the structure on the demised premises within 10 days of being billed by SUBLESSOR. SUBLESSEE shall be named as an additional insured on said policy.

SUBLESSEE shall obtain a commitment from its insurer that said liability policy will not be cancellable except upon ten (10) days written notice to SUBLESSOR. SUBLESSEE shall furnish SUBLESSOR with a Certificate of Liability Insurance.

12. SUBLESSOR'S NONLIABILITY FOR DAMAGE. SUBLESSOR shall not be liable for personal injury or property damage sustained by SUBLESSEE or others caused by conditions or activities on the premises leased herein. SUBLESSEE agrees to indemnify SUBLESSOR against any and all liability and loss arising therefrom.

13. WAIVER. SUBLESSOR AND SUBLESSEE each hereby waives any and all rights of recovery against the other or against the officers, employees, agents, and representatives of such other parties for loss of or damage to such waiving party or its property or the property of others under its control arising from any cause insured against under the standard form of fire insurance policy with all permissible extension endorsements covering additional perils under such other policy of insurance carried by such waiving party in lieu thereof.

14. USE OF PREMISES. SUBLESSEE shall not use the premises nor permit or suffer the same to be used for any unlawful purposes and shall maintain the same so as to conform with all applicable City, County and State statutes, ordinances, laws, rules and regulations at their own cost and expense and shall not do or permit any act which will void, suspend or increase insurance premiums or policies covering the premises.

15. MAINTENANCE OF PREMISES. SUBLESSEE will not commit or suffer to be committed any waste upon said premises. SUBLESSEE will at its sole cost and expense keep and maintain the interior and exterior of said premises and every part thereof in satisfactory order and repair, including but not limited to the roof, exterior walls, plumbing, electrical, windows, sewer and water lines and fences. It is understood and agreed that the leased premises have been used as a land fill and that the SUBLESSOR shall not be liable to SUBLESSEE on account of any subsidence of the Premises. SUBLESSEE agrees to keep the Leased Premises graded and in such condition that rain water will drain naturally and large ponding will not occur.

16. WAIVER BY SUBLESSEE. SUBLESSEE hereby waives

its rights as provided in Sections 1941 and 1942 of the Civil Code of the State of California. It is specifically agreed that the parties hereto are bound by the terms of this agreement rather than by said sections of the Civil Code of the State of California.

17. UTILITIES. SUBLESSEE shall pay for all charges for water, gas, electricity and other utilities which SUBLESSEE will use. All such charges shall be paid before delinquency and SUBLESSOR and said premises shall be protected and held harmless by SUBLESSEE therefrom. There being only one electric meter and one water meter to the subject premises which is shared with SUBLESSOR, SUBLESSEE shall pay one half of the charges for electricity and water within 10 days of being billed by SUBLESSOR.

18. CONDITION OF PREMISES. SUBLESSEE acknowledges that the said premises and every part thereof including the plumbing and electrical system are at the date hereof in good order, condition and repair. SUBLESSEE further acknowledges that the said premises are fit for the purposes leased.

19. SIGNS; EXTERIOR LIGHTING AND FIXTURES. Prior consent of SUBLESSOR shall be obtained prior to erection of any sign in writing. SUBLESSEE shall obtain all necessary permits from the appropriate governmental agency. Any signs erected or placed in or on the premises by SUBLESSEE may be removed by it at any time during the term or upon the expiration or sooner termination of this lease and, on the written request of SUBLESSOR, must be so removed upon such expiration or termination. All damage caused by the erection, maintenance or removal of any and all such signs shall be fully repaired at the cost and expense of SUBLESSEE.

20. ALTERATIONS. SUBLESSEE will not make or suffer any alterations (including grading and filling) to be made to the demised premises or any part thereof without the written consent of SUBLESSOR first had and received. Any additions to or alterations which shall be at the sole cost of SUBLESSEE of the said premises, except movable furniture and trade fixtures shall become at once a part of the realty and belong to SUBLESSOR. SUBLESSEE further covenants that upon the starting of any repairs, alterations or additions to the subject premises which may result in liability for Mechanics Liens that it will upon the starting of said work give written notice to SUBLESSOR of said fact.

21. ABANDONMENT. SUBLESSEE shall not, without first obtaining consent of SUBLESSOR, abandon the premises, or allow the premises to become vacant or deserted.

22. RIGHT OF INSPECTION. That the SUBLESSEE will permit SUBLESSOR and their agents to enter into and upon said premises for the purpose of inspecting the same, or in the event

of default for the purpose of repossessing said premises or for the purpose of asking repairs, alterations or additions to any portions of said building without any rebate of rent to SUBLESSEE for any loss of occupancy or quiet enjoyment of the premises thereby occasioned; and will permit SUBLESSORS at any time after one hundred eighty (180) days prior to the expiration of this lease to place upon said premises any ordinary "To Let", "For Rent" or "To Lease" signs and will permit SUBLESSOR and their agents to enter into and show said to prospective tenants without any rebate of rent to SUBLESSEE for any loss of occupancy or quiet enjoyment of the premises thereby occasioned. SUBLESSEE will permit SUBLESSOR or their agents upon any default or violation under this lease by SUBLESSEE, to remove any sign or signs on said premises and substitute therefor any sign or signs which SUBLESSOR may deem advisable.

23. SURRENDER OF PREMISES. That on the last day of said term or sooner termination of this lease, SUBLESSEE will peaceably and quietly leave, surrender, yield up to SUBLESSOR all and singular the said premises, with the said appurtenances and fixtures, in good order, condition and repair, damage by acts of God and reasonable wear excepted. If SUBLESSEE does not clean the premises before surrendering the same, SUBLESSOR may do so and in that event SUBLESSEE agrees to pay SUBLESSOR for the cost of cleaning the same.

24. PARTIAL DESTRUCTION OF PREMISES. That in the event of a partial destruction of said premises during the said term, from any cause, damage by war, riot and insurrection excepted, SUBLESSOR shall forthwith repair the same, provided such repairs can be made within Ninety (90) days under regulations of Federal, State, County or Municipal authorities, but such partial destruction shall in no way null or void this lease, except that SUBLESSEE shall be entitled to a proportionate deduction of rent while such repairs are being made, such proportionate deductions to be based upon the extent to which the making of such repairs shall interfere with the business carried on by SUBLESSEE in said premises, but in no event to be more than the amount of the monthly rental. In the event that SUBLESSOR does not make such repairs in Ninety (90) days or such repairs cannot be made under such regulations, this lease may be terminated at the option of either party. In respect to any parts of destruction SUBLESSOR is obligated to repair or may elect to repair under the terms of this paragraph the provisions of Section 1932, Sub-division 2 and Section 1933, Sub-division 4 of the Civil Code of the State of California is waived by SUBLESSEE. A total destruction of the building in which said premises are situated shall terminate this lease.

25. EFFECT OF WAIVER. The waiver by SUBLESSOR of any breach of any term, covenant or condition, herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by SUBLESSOR shall not be deemed to be a waiver of any prior

occurring breach by SUBLESSEE of any term, covenant or condition regardless of SUBLESSOR's knowledge of such prior existing breach at the time of acceptance of such rent. Time is of the essence in this lease.

26. QUIET ENJOYMENT. SUBLESSOR do hereby covenant and agree with SUBLESSEE that SUBLESSEE, keeping and performing of the covenants and agreements herein contained on the part of SUBLESSEE to be kept and performed, shall at all times during said term peacefully and quietly have, hold and enjoy the said premises without suit, trouble or hindrance from SUBLESSOR.

27. TAKING BY EMINENT DOMAIN. If the entire leased premises or so much thereof as to render the balance inadequate for the operation of SUBLESSEE'S business shall be taken under the power of eminent domain, this lease shall terminate as of the date of possession is taken by the condemning authority and all pre-paid rental given by SUBLESSEE to SUBLESSOR shall thereupon forthwith be returned to SUBLESSEE. In the event there shall be a taking under the power of eminent domain of that portion of the leased premises between the present curb line of the street in front of said premises and the building which is a part of said premises, this lease shall nevertheless remain in full force and effect, provided however each business shall be able to comply with the parking space requirement of the Los Angeles Municipal Code for auto dismantling yards in the space remaining.

Any damages awarded for such taking shall belong to SUBLESSORS whether such damages are awarded as compensation for diminution in the value of the leasehold or for the fee, provided, however, that SUBLESSOR shall not be entitled to share in any award made to SUBLESSEE for loss of or damage to SUBLESSEE'S business or for interruption thereof. In the event there shall be a taking by eminent domain of any portion of the building which is part of the leased premises, either SUBLESSOR or SUBLESSEE shall have the option to terminate this lease or to continue the same at a rental proportionate to the amount of the premises remaining and in such event, SUBLESSORS will at their own expense repair such damages as said condemnation shall have occasioned. In the event that either SUBLESSOR or SUBLESSEE shall cease occupancy as of the date upon which possession is taken by the condemning authority and SUBLESSOR will refund to SUBLESSEE any rents or security deposits held by SUBLESSOR hereunder. All damages awarded for such taking under said power of eminent domain shall belong to SUBLESSOR, save such damages as are awarded as and for compensation for loss or damage to SUBLESSEE'S trade fixtures, personal property or for damages or interference with SUBLESSEE'S business.

28. FILING OF MECHANIC'S LIEN. SUBLESSEE expressly agrees to keep and hold said premises and SUBLESSOR free, clear and harmless of and from any Mechanic's Lien or other liens or charges that might or could arise by reason of any acts of SUBLESSEE, for which SUBLESSEE is liable. If the same is not

discharged within (15) days from recordation, SUBLESSOR may upon the giving of a three (3) day notice terminate this lease as per the provisions of paragraph 8 supra. Said failure to discharge any Mechanic's Lien shall not operate as a default if within fifteen (15) days subsequent to the recordation of a Mechanic's Lien, SUBLESSEE deposits said sum claimed in an escrow acceptable to SUBLESSOR, with instructions to pay said lien upon judgment of a Court having jurisdiction in the matter, to the Mechanic's Lien holder. SUBLESSEE agrees to defend SUBLESSOR at its sole cost and expense and hold SUBLESSOR harmless from all said Mechanic's Liens and judgments to foreclose Mechanic's Liens.

29. USE OF PREMISE BY SUBLESSEE. During the term of this lease or any extension thereof, SUBLESSEE shall use the demised premises for the operation of an auto dismantling yard and related activities thereto and for no other purpose without the written consent of SUBLESSOR.

30. ATTORNEY'S FEES. In the event either party hereto shall employ an attorney or bring suit to enforce any of their rights, terms, conditions or covenants of the within lease, in addition to their claim, the prevailing party shall receive reasonable attorney's fees as determined by the Court and costs of suit.

31. DAMAGE TO PREMISES. All damage or injury to the demised premises by SUBLESSEE or by any person who may be in or upon the premises with the consent of SUBLESSEE, shall be repaired at the sole cost and expense of SUBLESSEE.

32. NOTICES. All rents or notices hereinabove required shall be sent to SUBLESSOR at 5556 Vineland Avenue, North Hollywood, California 91601, or at such other place as may be designated by SUBLESSOR.


33. CONSTRUCTION AND EFFECT. The article headings herein used are only for the purpose of convenience and shall not be deemed to limit the subject of the articles hereof or to be considered in the construction thereof. This lease and each and all of the covenants, conditions and restrictions and terms hereof subject to the provisions as to assignment, subletting encumbrancing, shall apply to and bind the heirs, executors, administrators, assignees, successors and sub-tenants of the parties hereto. If SUBLESSEE consists of more than one person, the covenants and obligations of SUBLESSEE shall be the joint and several covenants and obligations of such persons. In this lease the masculine gender includes the plural whenever the contents so require. Should any part, clause, provision or condition of this sublease be held to be void, invalid or inoperative, then such validity shall not affect any other clause, provision or condition hereof; but the remainder of the sublease shall be effective as though such clause, provision or condition had not been contained herein. Time is of the essence herein.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals in agreement the day and year first above written.

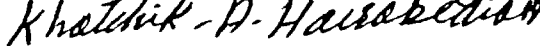
SUBLESSOR:



NICK PAVICH

SUBLESSEE:


HAGOP A. HAIRABEDIAN

KHATCHIK A. HAIRABEDIAN

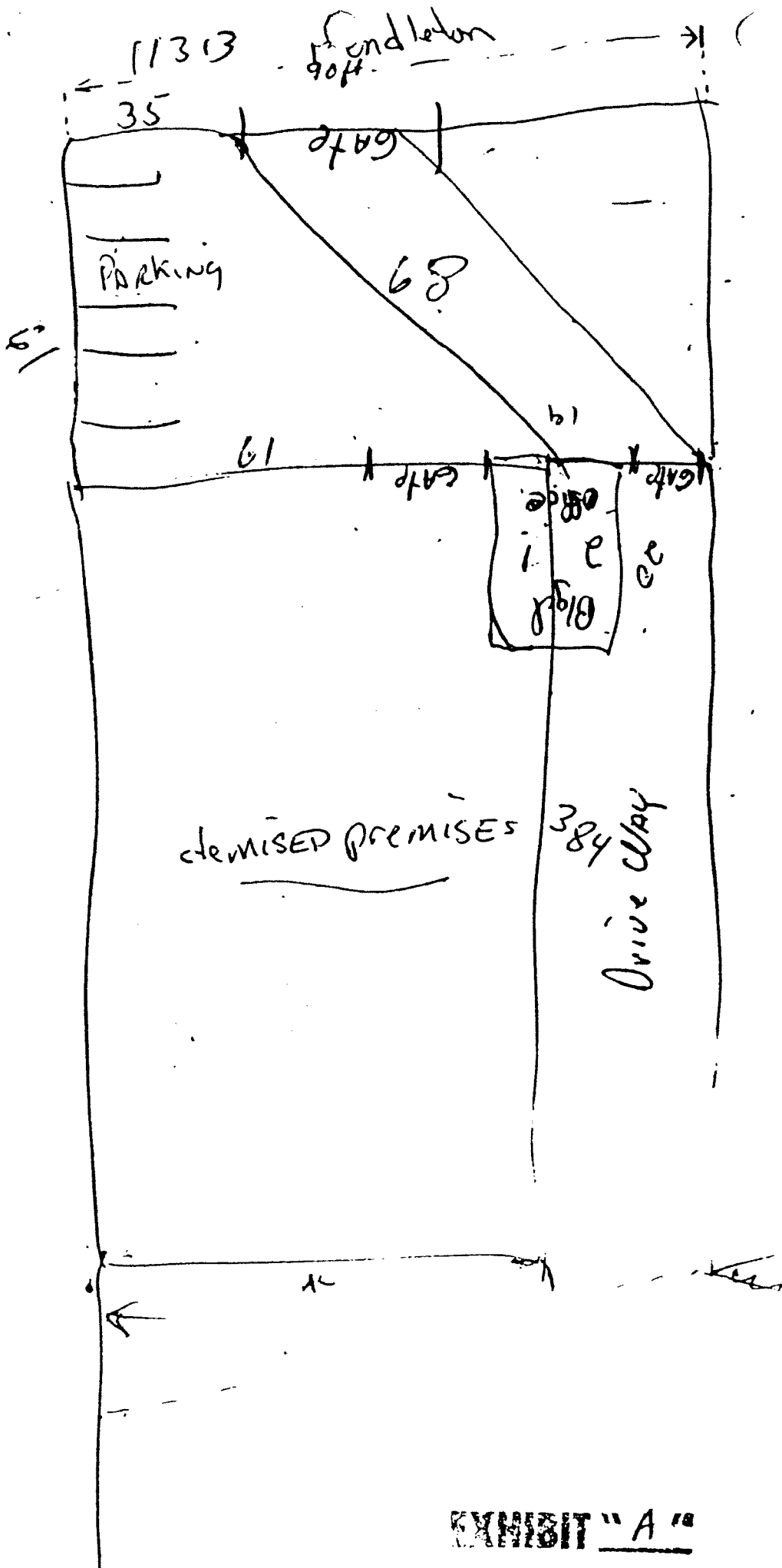
Approved as to form and content: 


Jaak Treiman, Attorney for
SUBLESSEE

SUBLEASE of the within premises approved:

California Portland Cement Company, LESSOR,
a California Corporation.

by-----



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LEASE

THIS SUBLEASE (hereinafter called "Lease") is entered into this 11TH day of ~~December~~ ^{APRIL 3}, 1982, by and between CONROCK CO., a Delaware corporation (hereinafter called "Landlord"), and ARUTYUN ALADJIAN and GEVORK AVAKIAN (hereinafter collectively called "Tenant").



RECITALS

A. Landlord is the lessee of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to sublease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

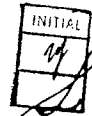
AGREEMENT

1. Lease. Landlord hereby subleases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease. Tenant acknowledges that Landlord has, prior to its entry into this Lease, granted a license to Independent Outdoor advertising for use of a portion of the Premises for the erection, display and servicing of two advertising signs. Tenant agrees that this Lease shall be subordinate to said license or any similar license granted by Landlord during the term of this Lease, and that licensee(s)

shall have access to the Premises at reasonable times for purposes consistant with said license(s).

2. Term. The term of this Lease shall be ten (10) years commencing on January 1, 1983, and expiring on December 31, 1992 subject to early termination as hereinafter provided.

3. Rental. Commencing on ~~February~~^{JULY} 1, 1983, Tenant agrees to pay Landlord a rental of Five Hundred Dollars (\$500.00) per month, and at such rate as adjusted in accordance with the provisions of ¶4, payable in advance on the first day of each calendar month. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.



4. Rental Adjustment. The monthly rate provided for in ¶3 herein, shall be (during the term hereof or any extension thereof) adjusted upward on January 1, 1985 and every two (2) years thereafter on January 1, in the same proportion as the proportional difference between the "Consumer Price Index for Urban Wage Earners and Clerical Workers, all items (Los Angeles-Long Beach-Anaheim Area)", published by the United States Department of Labor, Bureau of Labor Statistics (CPI) in effect on January 1 of the then present year and the CPI in effect on January 1, 1983. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Improvements to the Premises. Tenant leases the Premises and the improvements thereon in an "as is" condition. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than One Thousand Dollars (\$1,000.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on

which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

6. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all taxes levied or assessed on account of any property installed by or for Tenant in the Premises, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property. Commencing on January 1, 1988, Tenant shall pay to Landlord as additional rental within thirty (30) days after receipt of written statement from Landlord setting forth the amount thereof, the amount of all real estate taxes, or other forms of assessment, including license taxes, commercial rental taxes, levies, charges, penalties, or similar imposition, imposed by any authority having the direct power to tax, including any city, county, State or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Premises, for a period within the term hereof, provided Landlord is required to pay said taxes and assessments. Without limiting the generality of the foregoing, the aforementioned taxes and assessments shall include: any tax on Landlord's right to rents or other income from the Premises or as against Landlord's business of leasing the Premises; any assessment, tax, fee, levy

or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged that Proposition 13 was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants; and any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross receipts tax or excise tax levied by the State, city, or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof. Tenant shall bear any business tax imposed upon Landlord by the State of California or any political subdivision thereof which is based or measured in whole or in part by amounts charged or received by the Landlord under this Lease, excluding State Franchise Taxes and Federal Income Taxes.

7. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except repair, storage and sale of automobiles and automobile parts. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease.

8. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any

damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Five Hundred Dollars (\$500.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the required amount of Five Hundred Dollars (\$500.00).

9. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives the provisions of Civil Code §§1941 and 1942 with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the

Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all rubbish and debris and property required to be removed and turn over the Premises to Landlord in good order and in a safe sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe and sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

10. Damage or Destruction. In the event that Tenant's improvements or trade fixtures on the Premises are damaged or destroyed in whole or in part by any cause whatsoever, this Lease shall remain in full force and effect and there shall be no abatement of rent. Tenant waives the provisions of Civil Code §§1982(2) and 1933(4) with respect to such damage or destruction.

11. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

12. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of

1970, 29 U.S.C. §651 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

13. Condemnation If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as

compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

14. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

15. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that

nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

16. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

17. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than Five Hundred Thousand Dollars (\$500,000.00) combined single limit. All such public

liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor or any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

18. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any

part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, clean up and remove from the Premises all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(1) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (1) and (2) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (3) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

19. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

20. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party

to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: Conrock Co.
3200 San Fernando Road
Los Angeles, CA 90065

To Tenant: Arutyun Aladjian
534 N. Kenmore Ave., #1
Los Angeles, CA 90004

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

21. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

Landlord shall be permitted to withhold its consent to any proposed transfer in its sole and absolute discretion.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 51% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 51% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

22. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

23. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

24. Abandonment of Leased Premises. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

25. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all

obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

26. Subordination Agreement. Tenant shall, upon Landlord's request, together with the request of any encumbrancers or holder of a trust deed, execute any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust and subordinating this Lease to said mortgage or deed of trust.

27. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

28. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

29. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

30. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

31. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

32. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

33. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

34. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed
this Lease as of the day and year first above written.

CONROCK CO.

By William J. Jones
President

By [Signature]
Vice President - Secretary

Arutyun Aladjian
Arutyun Aladjian

Gevork Avakian
Gevork Avakian

AMENDMENT TO LEASE

This Amendment to Lease is made and entered into this 19th day of April, 1983, by and between CALIFORNIA PORTLAND CEMENT COMPANY, hereinafter called "LESSOR" and MARTIN SKLAR, hereinafter called "LESSEE".

RECITALS

The parties hereto entered into a lease on July 29, 1980, covering approximately three (3) acres of real property situated in the City of Los Angeles, County of Los Angeles, State of California, in Block 8 of Tract 9329 as shown in Map Book 179, pages 9 and 10, Records of Los Angeles County. By Amendment to Lease dated November 19, 1980, the area contained therein was reduced to one acre. The parties by amendment to Lease dated June 1, 1981, added approximately 1.10 acre thereto making a total lease area of 2.10 acres. The parties hereto now wish to extend the lease to August 1, 1990.

NOW, THEREFORE, in consideration of the premises and the mutual promises of the parties which are hereinafter set forth, it is agreed that the lease of July 29, 1980, is amended as follows:

- A. THIS amendment shall become effective on April 19th, 1983.
- B. The term of this Lease recited in Section 1.01 and ~~2.03~~, the shall terminate on July 31, 1990.
~~Lessee is hereby granted an extension to this lease for an~~ WJE
~~additional period of Five (5) years, with the Lease ending on~~
~~August 1, 1990.~~

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed.

CALIFORNIA PORTLAND CEMENT CO.

MARTIN SKLAR

By W. J. Conway
Lessor

By Martin Sklar
Lessee

Address of
Building

9415 Glenoaks Blvd.

CITY OF LOS ANGELES

CERTIFICATE OF OCCUPANCY



NOTE: Any change of use or occupancy must be approved by the Department of Building and Safety.
This certifies that, so far as ascertained by or made known to the undersigned, the building at the above address complies with the applicable requirements of the Municipal Code, as follows: Ch. 1, as to permitted uses, Ch. 9, Arts. 1, 3, 4, and 5 and with applicable requirements of State Housing Law — for following occupancies:

Issued **05-26-83** Permit No. and Year **LA 61745/83**

Use of Land - Automobile Dismantling.

Owner **Conrock Co.**
Owner's **3200 San Fernando Road**
Address **Los Angeles, CA**

R. Bozick/kk

R. BOZICK/kk

Form B-85b

BY _____

STANDARD INDUSTRIAL LEASE GROSS

SUN VALLEY

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



This Lease, dated, for reference purposes only, February 23, 1984, is made by and between CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation

and SAVE-ON AUTO PARTS AND SALVAGE, INC., a California corporation, and GARY AVAKIAN and J. AVAKIAN, Husband and Wife, (herein called "Lessor") (herein called "Lessee").

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles State of California commonly known as depicted on Exhibit A, attached hereto and incorporated and ~~described as~~ herein by this reference.

Said real property including the land and all improvements therein, is herein called "the Premises".

3. Term.

3.1 Term. The term of this Lease shall be for one year commencing on May 1, 1984 and ending on April 30, 1985 unless sooner terminated pursuant to any provision hereof.

3.2 Delay in Possession. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case, Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder, provided further, however, that if such written notice of Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.3 Early Possession. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below

~~4. Rent. Lessee shall pay to Lessor as rent for the Premises, monthly payments of \$_____ in advance, on the day of each month of the term hereof. Lessee shall pay Lessor upon the execution hereof \$_____ as rent for~~

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof \$5,000.00 as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any of the terms of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written notice thereof deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. If the monthly rent shall, from time to time, increase during the term of this Lease, Lessee shall thereupon deposit with Lessor additional security deposit so that the amount of security deposit held by Lessor shall at all times bear the same proportion to current rent as the original security deposit bears to the original monthly rent set forth in paragraph 4 hereof. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessee's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit.

6. Use.

6.1 Use. The Premises shall be used and occupied only for the operation of an automobile wrecking, storing and dismantling yard business.

~~any other use which is reasonably compatible and for no other purpose.~~

6.2 Compliance with Law.

(a) Lessor warrants to Lessee that the Premises, in its state existing on the date that the Lease term commences, but without regard to the use for which Lessee will use the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Lease term commencement date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor, after written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation. In the event Lessee does not give to Lessor written notice of the violation of this warranty within six months from the date that the Lease term commences, the correction of same shall be the obligation of the Lessee at Lessee's sole cost. The warranty contained in this paragraph 6.2 (a) shall be of no force or effect if, prior to the date of this Lease, Lessee was the owner or occupant of the Premises, and, in such event, Lessee shall correct any such violation at Lessee's sole cost.

(b) Except as provided in paragraph 6.2(a), Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term or any part of the term hereof, regulating the use by Lessee of the Premises. Lessee shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant in the building containing the Premises, shall tend to disturb such other tenants.

6.3 Condition of Premises.

(a) Lessor shall deliver the Premises to Lessee clean and free of debris on Lease commencement date (unless Lessee is already in possession) and Lessor further warrants to Lessee that the plumbing, lighting, air conditioning, heating, and loading doors in the Premises shall be in good operating condition on the Lease commencement date. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation. Lessee's failure to give such written notice to Lessor within thirty (30) days after the Lease commencement date shall cause the conclusive presumption that Lessor has complied with all of Lessor's obligations hereunder. The warranty contained in this paragraph 6.3(a) shall be of no force or effect if prior to the date of this Lease, Lessee was the owner or occupant of the Premises.

(b) Except as otherwise provided in this Lease, Lessee hereby accepts the Premises in their condition existing as of the Lease commencement date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations.

7.1 Lessor's Obligations. Subject to the provisions of Paragraphs 6, 7.2, and 9 and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees in which event Lessee shall repair the damage, Lessor, at Lessor's expense, shall keep in good order, condition and repair the foundations, exterior walls and the exterior roof of the Premises. Lessor shall not, however, be obligated to paint such exterior, nor shall Lessor be required to maintain the interior surface of exterior walls, windows, doors or plate glass. Lessor shall have no obligation to make repairs under this Paragraph 7.1 until a reasonable time after receipt of written notice of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to demand that Lessor make such repairs.

7.2 Lessee's Obligations.

(a) Subject to the provisions of Paragraphs 6, 7.1 and 9, Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof (whether or not the damaged portion of the Premises or the means of repairing the same are reasonably or readily accessible to Lessee) including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, (Lessee shall procure and

Initials: _____

maintain, at Lessee's expense, an air conditioning system maintenance contract) ventilating, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass, and skylights, located within the Premises, and all landscaping, driveways, parking lots, fences and signs located in the Premises and all sidewalks and parkways adjacent to the Premises.

(b) If Lessee fails to perform Lessee's obligations under this Paragraph 7.2 or under any other paragraph of this Lease, Lessor may at Lessor's option enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf and put the Premises in good order, condition and repair, and the cost thereof together with interest thereon at the maximum rate then allowable by law shall be due and payable as additional rent to Lessor together with Lessee's next rental installment.

(c) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Lessee shall repair any damage to the Premises occasioned by the installation or removal of its trade fixtures, furnishings and equipment. Notwithstanding anything to the contrary otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing and fencing on the premises in good operating condition.

7.3 Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, or Utility Installations in, on or about the Premises, except for nonstructural alterations not exceeding \$2,500 in cumulative costs during the term of this Lease. In any event, whether or not in excess of \$2,500 in cumulative cost, Lessee shall make no change or alteration to the exterior of the Premises nor the exterior of the building(s) on the Premises without Lessor's prior written consent. As used in this Paragraph 7.3 the term "Utility Installation" shall mean carpeting, window coverings, air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing, and fencing. Lessor may require that Lessee remove any or all of said alterations, improvements, additions or Utility Installations at the expiration of the term, and restore the Premises to their prior condition. Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility Installations without the prior approval of Lessor, Lessor may require that Lessee remove any or all of the same.

(b) Any alterations, improvements, additions or Utility Installations in, or about the Premises that Lessee shall desire to make and which requires the consent of the Lessor shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from appropriate governmental agencies, the furnishing of a copy thereof to Lessor prior to the commencement of the work and the compliance by Lessee of all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's attorneys fees and costs in participating in such action if Lessor shall decide it is to its best interest to do so.

(d) Unless Lessor requires their removal, as set forth in Paragraph 7.3(a), all alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.3(d), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2(c).

8. Insurance; Indemnity.

8.1 **Liability Insurance - Lessee.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Property Damage Insurance insuring Lessee and Lessor against any liability arising out of the use, occupancy or maintenance of the Premises and all other areas appurtenant thereto. Such insurance shall be in an amount not less than \$500,000 per occurrence. The policy shall insure performance by Lessee of the indemnity provisions of this Paragraph 8. The limits of said insurance shall not, however, limit the liability of Lessee hereunder.

8.2 **Liability Insurance - Lessor.** Lessor shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Property Damage Insurance, insuring Lessor, but not Lessee, against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto in an amount not less than \$500,000 per occurrence.

8.3 **Property Insurance.** Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, but not Lessee's fixtures, equipment or tenant improvements in an amount not to exceed the full replacement value thereof, as the same may exist from time to time, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, flood (in the event same is required by a lender having a lien on the Premises) special extended perils ("all risk", as such term is used in the insurance industry) but not plate glass insurance. In addition, the Lessor shall obtain and keep in force, during the term of this Lease, a policy of rental value insurance covering a period of one year, with loss payable to Lessor, which insurance shall also cover all real estate taxes and insurance costs for said period.

8.4 Payment of Premium Increase.

(a) Lessee shall pay to Lessor, during the term hereof, in addition to the rent, the amount of any increase in premiums for the insurance required under Paragraphs 8.2 and 8.3 over and above such premiums paid during the Base Period, as hereinafter defined, whether such premium increase shall be the result of the nature of Lessee's occupancy, any act or omission of Lessee, requirements of the holder of a mortgage or deed of trust covering the Premises, increased valuation of the Premises, or general rate increases. In the event that the Premises have been occupied previously, the words "Base Period" shall mean the last twelve months of the prior occupancy. In the event that the Premises have never been previously occupied, the premiums during the "Base Period" shall be deemed to be the lowest premiums reasonably obtainable for said insurance assuming the most nominal use of the Premises. Provided, however, in lieu of the Base Period, the parties may insert a dollar amount at the end of this sentence which figure shall be considered as the insurance premium for the Base Period: \$_____. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$1,000,000 procured under paragraph 8.2.

(b) Lessee shall pay any such premium increases to Lessor within 30 days after receipt by Lessee of a copy of the premium statement or other satisfactory evidence of the amount due. If the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall also deliver to Lessee a statement of the amount of such increase attributable to the Premises and showing in reasonable detail, the manner in which such amount was computed. If the term of this Lease shall not expire concurrently with the expiration of the period covered by such insurance, Lessee's liability for premium increases shall be prorated on an annual basis.

(c) If the Premises are part of a larger building, then Lessee shall not be responsible for paying any increase in the property insurance premium caused by the acts or omissions of any other tenant of the building of which the Premises are a part.

8.5 **Insurance Policies.** Insurance required hereunder shall be in companies holding a "General Policyholders Rating" of at least B plus, or such other rating as may be required by a lender having a lien on the Premises, as set forth in the most current issue of "Best's Insurance Guide". Lessee shall deliver to Lessor copies of policies of liability insurance required under Paragraph 8.1 or certificates evidencing the existence and amounts of such insurance. No such policy shall be cancellable or subject to reduction of coverage or other modification except after thirty (30) days' prior written notice to Lessor. Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 8.3.

8.6 **Waiver of Subrogation.** Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the other for loss or damage arising out of or incident to the perils insured against under paragraph 8.3, which perils occur in, on or about the Premises, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.7 **Indemnity.** Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.8 **Exemption of Lessor from Liability.** Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of Lessee's property or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee's employees, invitees, customers, or any other person in or about the Premises, arising out of or incident to the perils insured against under paragraph 8.3, which perils occur in, on or about the Premises, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

Initials: _____

9. Damage or Destruction.

9.1 Definitions.

(a) "Premises Partial Damage" shall herein mean damage or destruction to the Premises to the extent that the cost of repair is less than 50% of the fair market value of the Premises immediately prior to such damage or destruction. "Premises Building Partial Damage" shall herein mean damage or destruction to the building of which the Premises are a part to the extent that the cost of repair is less than 50% of the fair market value of such building as a whole immediately prior to such damage or destruction.

(b) "Premises Total Destruction" shall herein mean damage or destruction to the Premises to the extent that the cost of repair is 50% or more of the fair market value of the Premises immediately prior to such damage or destruction. "Premises Building Total Destruction" shall herein mean damage or destruction to the building of which the Premises are a part to the extent that the cost of repair is 50% or more of the fair market value of such building as a whole immediately prior to such damage or destruction.

(c) "Insured Loss" shall herein mean damage or destruction which was caused by an event required to be covered by the insurance described in paragraph 8.

9.2 Partial Damage — Insured Loss. Subject to the provisions of paragraphs 9.4, 9.5 and 9.6, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of Premises Partial Damage or Premises Building Partial Damage, then Lessor shall, at Lessor's sole cost, repair such damage, but not Lessee's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect.

9.3 Partial Damage — Uninsured Loss. Subject to the provisions of Paragraphs 9.4, 9.5 and 9.6, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Partial Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease, as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.4 Total Destruction. If at any time during the term of this Lease there is damage, whether or not an Insured Loss, (including destruction required by any authorized public authority), which falls into the classification of Premises Total Destruction or Premises Building Total Destruction, this Lease shall automatically terminate as of the date of such total destruction.

9.5 Damage Near End of Term.

(a) If at any time during the last six months of the term of this Lease there is damage, whether or not an Insured Loss, which falls within the classification of Premises Partial Damage, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 9.5(a), in the event that Lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than 20 days after the occurrence of an Insured Loss falling within the classification of Premises Partial Damage during the last six months of the term of this Lease. If Lessee duly exercises such option during said 20 day period, Lessor shall, at Lessor's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said 20 day period, then Lessor may at Lessor's option terminate and cancel this Lease as of the expiration of said 20 day period by giving written notice to Lessee of Lessor's election to do so within 10 days after the expiration of said 20 day period, notwithstanding any term or provision in the grant of option to the contrary.

9.6 Abatement of Rent; Lessee's Remedies.

(a) In the event of damage described in paragraphs 9.2 or 9.3, and Lessor or Lessee repairs or restores the Premises pursuant to the provisions of this Paragraph 9, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within 90 days after such obligations shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

9.7 Termination — Advance Payments. Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

9.8 Waiver. Lessor and Lessee waive the provisions of any statutes which relate to termination of leases when leased property is destroyed and that such event shall be governed by the terms of this Lease.

Property Taxes.

10.1 Payment of Tax Increase. Lessor shall pay the real property tax, as defined in paragraph 10.3, applicable to the Premises, provided, however, that Lessee shall pay, in addition to rent, the amount, if any, by which real property taxes applicable to the Premises increase over the fiscal real estate tax year 1979/1980. Such payment shall be made by Lessee within thirty (30) days after receipt of Lessor's written statement setting forth the amount of such increase and the computation thereof. If the term of this Lease shall not expire concurrently with the expiration of the tax fiscal year, Lessee's liability for increased taxes for the last partial lease year shall be prorated on an annual basis.

10.2 Additional Improvements. Notwithstanding paragraph 10.1 hereof, Lessee shall pay to Lessor upon demand therefor the entirety of any increase in real property tax if assessed solely by reason of additional improvements placed upon the Premises by Lessee or at Lessee's request.

10.3 Definition of "Real Property Tax." As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Premises by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, and as against Lessor's business of leasing the Premises. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed for a service or right not charged prior to June 1, 1978, or, if previously charged, has been increased since June 1, 1978, or (iv) which is imposed as a result of a transfer, either partial or total, of Lessor's interest in the Premises or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (v) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof.

10.4 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. Assignment and Subletting.

~~12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise dispose of all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, or subletting without such consent shall be void, and shall constitute a breach of this Lease.~~

~~12.2 Lessor's Authority. Notwithstanding the provisions of paragraph 12.1 hereof, Lessee may assign or sublet the Premises or any part thereof, without Lessor's consent, to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from the merger or consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, provided that said assignee assumes, in full, the obligations of Lessee under this Lease. Any such assignment or subletting, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after such assignment or subletting the terms of the Lease are materially changed or altered without the consent of Lessor, the consent of whom shall not be necessary.~~

12.3 No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of Lessee or any successor of Lessee, in the performance of any of the terms hereof, Lessor may proceed directly against Lessee, without notice to the assignee, and without releasing Lessee of Lessee's liability under this Lease. Lessor may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with assignees of Lessee, without notifying Lessee, or any successor of Lessee, and without obtaining its or their consent thereto and such action shall not relieve Lessee of liability under this Lease.

12.4 Attorney's Fees. In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable attorneys fees incurred in connection therewith, such attorneys fees not to exceed \$350.00 for each such request.

13. Defaults; Remedies.

13.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

- (a) The vacating or abandonment of the Premises by Lessee.
- (b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee. In the event that Lessor serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.
- (c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.
- (d) (i) The making by Lessee of any general arrangement or assignment for the benefit of creditors; (ii) Lessee becomes a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days. Provided, however, in the event that any provision of this paragraph 13.1(d) is contrary to any applicable law, such provision shall be of no force or effect.

(e) The discovery by Lessor that any financial statement given to Lessor by Lessee, any assignee of Lessee, any subtenant of Lessee, any successor in interest of Lessee or any guarantor of Lessee's obligation hereunder, and any of them, was materially false.

13.2 Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises; reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Paragraph 15 applicable to the unexpired term of this Lease.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of rent, then rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding paragraph 4 or any other provision of this Lease to the contrary.

13.5 Impounds. In the event that a late charge is payable hereunder, whether or not collected, for three (3) installments of rent or any other monetary obligation of Lessee under the terms of this Lease, Lessee shall pay to Lessor, if Lessor shall so request, in addition to any other payments required under this Lease, a monthly advance installment, payable at the same time as the monthly rent, as estimated by Lessor, for real property tax and insurance expenses on the Premises which are payable by Lessee under the terms of this Lease. Such fund shall be established to insure payment when due, before delinquency, of any or all such real property taxes and insurance premiums. If the amounts paid to Lessor by Lessee under the provisions of this paragraph are insufficient to discharge the obligations of Lessee to pay such real property taxes and insurance premiums as the same become due, Lessee shall pay to Lessor, upon Lessor's demand, such additional sums necessary to pay such obligations. All moneys paid to Lessor under this paragraph may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a default in the obligations of Lessee to perform under this Lease, then any balance remaining from funds paid to Lessor under the provisions of this paragraph may, at the option of Lessor, be applied to the payment of any monetary default of Lessee in lieu of being applied to the payment of real property tax and insurance premiums.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the building on the Premises, or more than 25% of the land area of the Premises which is not occupied by any building, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area of the building taken bears to the total floor area of the building situated on the Premises. No reduction of rent shall occur if the only area taken is that which does not have a building located thereon. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee.

~~(a) Upon execution of this Lease by both parties, Lessor shall pay to~~ Licensed real estate broker(s), a fee as set forth in a separate agreement between Lessor and said broker(s), or in the event there is no separate agreement between Lessor and said broker(s), the sum of \$ _____, for brokerage services rendered by said broker(s) to Lessor in this transaction.

(b) Lessor further agrees that if Lessee exercises any Option as defined in paragraph 20 of this Lease, which is granted to Lessee under this Lease, or any subsequently granted option which is substantially similar to an Option granted to Lessee under this Lease, or if Lessee acquires any rights to the Premises or other premises described in this Lease which are substantially similar to what Lessee would have acquired had an Option herein granted to Lessee been exercised, or if Lessee remains in possession of the Premises after the expiration of the term of this Lease after having failed to exercise an Option, or if said broker(s) are the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker(s) a fee in accordance with the schedule of said broker(s) in effect at the time of execution of this Lease.

(c) Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, whether such transfer is by agreement or by operation of law, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. ~~Officer shall be a third party beneficiary of the provisions of this Paragraph 15.~~

16. Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) certifying that there are no, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if they are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or lender of the Premises.

(b) At Lessor's option, Lessee's failure to deliver such statement within such time shall be a material breach of this Lease or shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance or such failure may be considered by Lessor as a default by Lessee under this Lease.

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purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

18. Validity. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at the maximum rate then allowable by law from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease, provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

20. Time of Essence. Time is of the essence.

21. Additional Rent. Any monetary obligations of Lessee to Lessor under the terms of this Lease shall be deemed to be rent.

22. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that neither the real estate broker listed in Paragraph 15 hereof nor any cooperating broker on this transaction nor the Lessor or any employees or agents of any of said persons has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of said Premises and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease except as otherwise specifically stated in this Lease.

23. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified mail, and if given personally or by mail, shall be deemed sufficiently given if addressed to Lessee or to Lessor at the address noted below the signature of the respective parties, as the case may be. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

24. Waivers. No waiver by Lessor or any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to, or approval of any act, shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

25. Recording. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

26. Holding Over. If Lessee, with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, but all options and rights of first refusal, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

29. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of Paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State wherein the Premises are located.

30. Subordination.

(a) This Lease, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or lien now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an attornment, a subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within 10 days after written demand shall constitute a material default by Lessee hereunder, or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

31. Attorney's Fees. If either party or the broker named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

32. Lessor's Access. Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as Lessor may deem necessary or desirable. Lessor may at any time place on or about the Premises any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

34. Signs. Lessee shall not place any sign upon the Premises without Lessor's prior written consent except that Lessee shall have the right, without the prior permission of Lessor to place ordinary and usual for rent or sublet signs thereon.

35. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.

36. Consents. Except for paragraph 33 hereof, wherever in this Lease the consent of one party is required to an act of the other party, such consent shall not be unreasonably withheld.

37. Guarantor. In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Lessee under this Lease.

38. Quiet Possession. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Premises.

39. Options.

39.1 Definition. As used in this paragraph the word "Options" has the following meaning: (1) the right or option to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor, (2) the option or right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other property of Lessor or the right of first offer to purchase the Premises, or the right of first refusal to purchase the Premises, or the right of first offer to purchase the Premises or the right of first refusal to purchase other property of Lessor, or the right of first refusal to purchase other property of Lessor, or the right of first offer to purchase other property of Lessor.

39.2 Options Personal. Each Option granted to Lessee in this Lease is personal to Lessee and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than Lessee, ~~and no Option may be exercised by or assigned to any person or entity other than Lessee.~~

Initials: _____

between parties as defined in paragraph 1.2 of this lease. The Options herein granted to Lessee are not assignable separate and apart from this Lease.

39.3 Multiple Options. In the event that Lessee has any multiple options to extend or renew this Lease a later option cannot be exercised unless the prior option to extend or renew this Lease has been so exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary, (i) during the period commencing from the date Lessor gives to Lessee a notice of default pursuant to paragraph 13.1(b) or 13.1(c) and continuing until the default is cured in said notice of default is cured, or (ii) during the period of time commencing on the day after a monetary obligation to Lessor is due from Lessee and unpaid (without any necessity for notice thereof to Lessee) continuing until the obligation is paid, or (iii) at any time after an event of default described in paragraphs 13.1(a), 13.1(d), or 13.1(e) (without any necessity of Lessor to give notice of such default to Lessee), or (iv) in the event that Lessor has given to Lessee three or more notices of default under paragraph 13.1(b), where a late charge becomes payable under paragraph 13.4 for each of such defaults, or paragraph 13.1(c), whether or not the defaults are cured, during the 12 month period prior to the time that Lessee intends to exercise the subject Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of paragraph 39.4(a).

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of 30 days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessee fails to commence to cure a default specified in paragraph 13.1(c) within 30 days after the date that Lessor gives notice to Lessee of such default and/or Lessee fails thereafter to diligently prosecute said cure to completion, or (iii) Lessee commits a default described in paragraph 13.1(a), 13.1(d) or 13.1(e) (without any necessity of Lessor to give notice of such default to Lessee), or (iv) Lessor gives to Lessee three or more notices of default under paragraph 13.1(b), where a late charge becomes payable under paragraph 13.4 for each such default, or paragraph 13.1(c), whether or not the defaults are cured.

40. Multiple Tenant Building. In the event that the Premises are part of a larger building or group of buildings then Lessee agrees that it will abide by, keep and observe all reasonable rules and regulations which Lessor may make from time to time for the management, safety, care, and cleanliness of the building and grounds, the parking of vehicles and the preservation of good order therein as well as for the convenience of other occupants and tenants of the building. The violations of any such rules and regulations shall be deemed a material breach of this Lease by Lessee.

41. Security Measures. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of Lessee, its agents and invitees from acts of third parties.

42. Easements. Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material breach of this Lease.

43. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

44. Authority. If Lessee is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

45. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

seven pages

46. Addendum. Attached hereto is an addendum ~~enclosed~~ containing ~~paragraphs~~ seven pages which constitutes a part of this Lease.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN IT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR HIS APPROVAL. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKER OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION RELATING THERETO; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN LEGAL COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

The parties hereto have executed this Lease at the place on the dates specified immediately adjacent to their respective signatures.

Executed at _____ CALIFORNIA PORTLAND CEMENT COMPANY
A California Corporation

on _____

By _____

T. A. Conroy
Manager of Properties

Address _____

By _____

ted at _____

"LESSOR" (Corporate seal)
SAVE-ON AUTO PARTS AND SALVAGE, INC., a
California corporation

By: _____

Gary Avakian Gary Avakian, Pres.

J. Avakian, Secty.

Address _____

By _____

Gary Avakian Gary Avakian

By _____

S. Avakian S. Avakian

"LESSEE" (Corporate seal)

ADDENDUM TO STANDARD INDUSTRIAL LEASE--GROSS

The undersigned agree to modify, amend and supersede the attached "Standard Industrial Lease--Gross," dated _____, 1983 (the "Lease") in the following particulars:

1. The Lease shall be modified to include a paragraph 3.4 which shall read as follows:

"3.4 OPTION TO EXTEND LEASE TERM. Provided that Lessee is otherwise in compliance with all of the terms and conditions set forth in this Lease, and subject to paragraph 39, Lessee shall have the right to extend the term of this Lease for four (4) additional one-year periods, exercisable only by providing Lessor with written notice of Lessee's intent to so extend the Lease term at least sixty (60) days, but not more than ninety (90) days, prior to the expiration of the then current Lease term or the then current extension period, as applicable. All such one-year extensions shall be on the terms and conditions set forth in this Lease; provided, however, that the monthly rental obligation shall be determined as provided by paragraph 4."

2. Paragraph 4 of the Lease shall be modified to read, in its entirety, as follows:

"4. Rent.

4.1 INITIAL TERM. Lessee shall pay to Lessor as rent for the Premises, monthly payments of Two Thousand Five Hundred Dollars (\$2,500) each month during the initial one-year term of this Lease.

4.2 EXTENSIONS. Should Lessee elect to extend the initial one-year term of this Lease for additional one-year periods as contemplated by paragraph 3.4, then Lessee shall pay to Lessor as rent for the Premises, monthly payments of Three Thousand

Dollars (\$3,000) each month during the first, one-year extension period, and, Four Thousand Dollars (\$4,000) each month during such second, one-year extension period. Should Lessee elect to extend the term of this Lease for a third or fourth one-year extension period as contemplated by paragraph 3.4, then Lessee shall pay to Lessor as rent for the Premises each month during such third or fourth, one-year extension period, monthly payments of Four Thousand Dollars (\$4,000) adjusted as of the commencement of each such extension period as provided in paragraph 4.3 to reflect any increase in the Consumer Price Index for All Urban Consumers (base year 1967=100) for Los Angeles - Long Beach - Anaheim, California, published by the United States Department of Labor, Bureau of Labor Statistics (the "Index") which may occur during the term, including any extensions thereof, of this Lease.

4.3 RENT ADJUSTMENT. In the event that the term of this Lease is extended into a third or fourth, one-year extension period as contemplated by paragraph 4.3, then the Index published most immediately preceding the first day of any such extended term shall be used to determine the amount of the adjustment (the "Adjustment Index"). If the Adjustment Index has increased over the Index which is in effect on the date hereof (the "Beginning Index") the monthly rent for the Premises until the next adjustment, if any, shall be determined by multiplying the sum of Four Thousand Dollars (\$4,000) by a fraction wherein the numerator is the Adjustment Index and the denominator is the Beginning Index. In no event shall the monthly rent be less than the sum of Four Thousand Dollars (\$4,000) nor, notwithstanding any increase in the Index, shall the monthly rent be increased by an amount greater than thirty percent (30%) during the third, one-year extension period or forty percent (40%) during the fourth, one-year extension period.

If the Index is changed so that the base year differs from that in effect when the term commences,

the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation replacing it shall be used to obtain substantially the same result as would be obtained had the Index not been replaced or revised.

4.4 MISCELLANEOUS RENT PROVISIONS. The amount of rent described in paragraph 4 shall be in addition to any other amounts payable to Lessor pursuant to this Lease. Rent for any period during the initial term hereof, or any extensions, which is for less than one month shall be a pro rata portion of the current monthly rental obligation. Rent shall be payable to Lessor in lawful money of the United States, in advance, without abatement, demand or offset, at the address stated herein or to such other persons or at such other places as Lessor may designate in writing."

3. The following provisions are added to Section 6.2(a) of the Lease:

"In addition to any of Lessee's obligations under the Lease, Lessee agrees not to use the Premises for any purpose prohibited by law, whether criminal or civil. For the purpose of the preceding sentence, any act or omission by Lessee (including without limitation the possession of a prohibited substance) occurring on or about the Premises which is determined by a court of competent jurisdiction to violate any civil or criminal law, statute, ordinance or regulation shall be deemed a use of the Premises for an illegal purpose. Any breach of the requirements of this paragraph shall be deemed a material breach in Lessee's obligations under this Lease."

4. Paragraph 12.1 shall be modified to read, in its entirety, as follows:

"12.1 LESSOR'S CONSENT REQUIRED. The parties hereto acknowledge that the rent payable to Lessor under this Lease represents a settlement of claims between the parties and that such rent is more favorable to Lessee than would otherwise be available. The parties further acknowledge that the value of the favorable rent is approximately Thirty Thousand Dollars (\$30,000) and that this benefit is personal to Lessee. Accordingly, Lessee may not voluntarily or by operation of law assign, mortgage, sublet or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent, which consent Lessor, in its sole discretion, shall be free to grant or withhold in any manner whatsoever, reasonable or unreasonable. Notwithstanding the foregoing, upon the payment of Thirty Thousand Dollars (\$30,000) to Lessor, Lessor will not unreasonably withhold its consent in relation to any assignment, sublet or transfer contemplated by Lessee with respect to Lessee's interest in this Lease. Any attempted assignment sublease or transfer in contravention of this paragraph 12.1 shall be void and of no effect and, at the election of Lessor, shall terminate this Lease."

5. Paragraph 12.2 shall be amended to read, in its entirety, as follows:

"12.2 LESSEE OWNERSHIP. The following events shall conclusively be deemed to be a transfer of Lessee's interest under this Lease for the purpose of paragraph 12.1:

(a) any material change in the ownership or management of Lessee;

(b) the sale of all or substantially all of Lessee's assets as a going concern of the business being operated on the Premises;

(c) the acquisition of Lessee by another corporation or entity;

(d) the merger or consolidation of another corporation or entity into Lessee such that the present owners of Lessee do not own a controlling interest in the surviving corporation or entity; or

(e) any change in Lessee's management and ownership such that the present owners of Lessee do not own and directly control Lessee's business and affairs."

6. Paragraph 13.4 shall be modified by reference to the following:

"The late charge contemplated by paragraph 13.4 shall be a charge equal to ten percent (10%) of any installment of rent or other sum due from Lessee which shall not have been received by Lessor or Lessor's designee within ten (10) days after such amount first became due. Further, in the event that any check, draft or similar instrument tendered to Lessor in satisfaction of any of Lessee's obligations hereunder shall be dishonored, then, in addition to the foregoing, Lessee shall pay to Lessor the sum of Ten Dollars (\$10.00) for each time any such instrument is so dishonored."

7. Paragraph 15 shall be modified to read, in its entirety, as follows:

"15. BROKER'S FEE. Lessor and Lessee each represents and warrants that it has not employed any broker or finder in connection with the arrangement, negotiation or execution of this Lease and that each shall indemnify and hold the other harmless from and against any claim in the nature of a commission or finder's fee arising from or out of any breach of the foregoing representation and warranty."

8. It is understood and agreed that the Premises have been used as a landfill and that the Lessor shall not

be liable to Lessee on account of any subsidence of the Premises. Lessee agrees to keep the Premises graded and in such condition that rain water will drain naturally and large ponding will not occur."

9. The parties acknowledge and agree that the Premises initially leased to Lessee by Lessor consisted of unimproved land; thereafter Lessee constructed, at its sole cost and expense, the now existing improvements located upon the Premises. For the purposes of determining Lessee's obligations under the Lease, the Premises shall be deemed to refer to both the underlying land and the improvements; provided further that in addition to its obligations under the Lease, Lessee shall be responsible, at Lessee's sole cost and expense, to perform any and all repairs and maintenance for the improvements, including without limitation, any repairs required to conform the improvements to any applicable building codes, ordinances and regulations, at any time, in effect during the term of this Lease. In this connection, Lessee shall indemnify and hold Lessor harmless from any loss, cost, liability, claims or expense (including attorneys' fees) incurred or arising out of Lessee's construction, maintenance or repair of the improvements located on the Premises, including, without limitation, any claims arising out of the failure of the improvements to comply with applicable building codes, ordinances and regulations.

Notwithstanding any terms in the Lease to the contrary, during the term of this Lease, title to the improvements shall be vested in Lessee, provided, however, at the expiration of the Lease term or sooner termination of the Lease, such property shall be and become the property of Lessor. At such time, Lessee shall execute such documentation as reasonably required by Lessor to evidence Lessor's ownership of the improvements, including without limitation, a grant deed to the improvements. Notwithstanding the preceding provisions of this paragraph, in no event shall Lessee have the right to remove the improvements at any time either during or at the expiration of the Lease term.

10. This Lease shall be deemed the sole agreement between Lessor and Lessee with respect to the leasing of the Premises. Any and all prior written or oral agreements with

respect to the leasing of the Premises between Lessor and Lessee, or any member or members of Lessee, are deemed terminated and of no further force and effect.

11. Except as otherwise modified, amended and superseded in this Addendum, the terms and conditions set forth in the Lease shall remain in full force and effect. In the event there is any inconsistency or ambiguity as a result of the modifications set forth in this Addendum, the provisions of this Addendum shall control with respect to the interpretation of the Lease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Addendum to the Lease as of this 23rd day of February, 1988.

"Lessor"

CALIFORNIA PORTLAND CEMENT COMPANY
A California Corporation

By W. J. Conway
Its Manager of Properties

"Lessee"

SAVE-ON AUTO PARTS AND SALVAGE,
INC., A California Corporation

By Gary Avakian
Gary Avakian, President

By J. Avakian
J. Avakian, Secretary

Gary Avakian
Gary Avakian

J. Avakian
J. Avakian

NOTICE TO PAY RENT OR QUIT

TO: Jesse Rodriguez, Alphonse Harrison, Agop
Berghoudian, individually and dba
Sun Valley Auto Parts and/or
AA Sun Valley Auto Parts, and
Tenants in Possession
11315 Pendleton Street
Sun Valley, CA 91352

NOTICE IS HEREBY GIVEN that under the terms of the lease dated April 2, 1982, between you and the undersigned by which you hold possession of the premises as shown on Exhibit "A" attached hereto and incorporated herein, located in the City of Los Angeles, County of Los Angeles, State of California, there is now due and unpaid rent for said premises in the sum of \$3,000.00 due December 1, 1985.

WITHIN THREE (3) DAYS after service on you of this notice, you are required to pay said rent in full or to deliver up possession of said premises to the undersigned. You are further notified that the undersigned has elected to, and hereby does, declare the lease under which you hold the premises to be forfeited in the event that you fail to pay the rent in full as herein required.

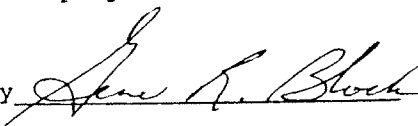
IF YOU FAIL either to pay such rent or to surrender up possession of the premises within said three (3) days, the undersigned will institute legal proceedings against you to recover possession of the premises, to declare the lease forfeited, and to recover TREBLE RENTS AND DAMAGES for the unlawful detention of the premises.

Dated: December 26, 1985

Landlord:

California Portland Cement
Company

By





COUNCIL DIST

Area

Owner's Address ALMET ATTN: MICHAEL M. KRYSKIEWICZ		Job Address 11315 - 61 PENDLETON ST.	
City and State 3200 SAN FERNANDO RD. LA CA. 90065		Operator's Name JACK BERGHOUDIAN	
Zone M3-16		Operator's Address 11315 - PENDLETON ST.	
Lot 8	Block 9329	City and State SUN VALLEY CA.	Zip Code 91352

ORDER TO COMPLY WITH ZONING REQUIREMENTS

Pursuant to Section 12.26-F of the Los Angeles Municipal Code, an inspection has been conducted of the Automobile Dismantling Yard, Scrap Metal Processing Yard, or Junk Yard located at the above listed job address. The conditions represented by the items checked below are violations of the Los Angeles Municipal Code. You are therefore ordered to secure all required permits and complete the necessary work to bring these conditions into compliance with the Code within **30** days from the mailing date appearing on this notice.

Reason For Inspection

Mailing Date

☒ Annual Inspection☒ Repeat Violation

July 26, 1985

☒ Complaint or Referral

1. The use is not being conducted wholly within an area completely enclosed with a solid wall or fence at least eight feet in height with necessary solid gates of like height. Provide and maintain the required enclosure.

_____ M2 Zone — Section 12.19-A, 4 (b) (2), 12.23-C, 6 (a), 12.21-A, 9 L.A.M.C.

_____ M3 Zone — Section 12.20-A, 6 (b) (1), 12.23-C, 6 (b), 12.21-A, 9 L.A.M.C.

2. Material is being stored or stacked to a height greater than the height of the enclosure. Reduce the height of the storage or stacking of materials to the following:

_____ M2 Zone — Reduce and maintain the height of the storage or stacking to a height no greater than the height of the enclosure. Section 12.19-A, 4 (b) (3)

_____ M3 Zone — Reduce and maintain the height of the storage or stacking to a height no greater than the height of the enclosing walls or fences in the area within 50 feet of an eight-foot high enclosure or within 37 feet of a ten foot high enclosure. Section 12.20-A, 6 (b) (2) L.A.M.C.

3. The enclosing walls or fences are not being maintained or have been damaged and are in need of repair. Repair any deteriorated or damaged walls or fences to a straight, uniform and structurally sound condition. All repairs shall blend in with said walls or fence and be compatible therewith in color and material. Section 12.21-A, 9 L.A.M.C.

_____ The enclosing walls or fences have deteriorated and weathered. Paint, stain or seal the enclosing walls or fences to prevent further weathering and deterioration. Section 12.21-A, 9 L.A.M.C.

5. Material or automobiles to be dismantled or parts thereof are being stored outside the enclosure. Remove all material, automobiles and parts from the area outside of the enclosure. Sections 12.19-A-4 (b) (2), 12.20-A, 6 (b) (1) L.A.M.C.

6. The required off-street paved parking area has not been provided and maintained. Provide _____ paved parking spaces 8' 4" in width and 18 feet in length with necessary driveways.

_____ M2 Zone — Sections 12.19-A, 4 (b) (4), 12.21-A, 5 (f), 12.21-A, 6 (c) L.A.M.C.

_____ M3 Zone — Sections 12.20-A, 6 (b) (3), 12.21-A, 5 (f), 12.21-A, 6 (c) L.A.M.C.

7. The required landscaping has not been provided and maintained. Provide and maintain the required landscaping a minimum of two feet measured at a right angle from the adjacent street to the required enclosure and extending the full length of the property where contiguous to the street except for areas necessary for ingress and egress.

_____ M2 Zone — Section 12.19-A, 4 (b) (5) L.A.M.C.

_____ M3 Zone — Section 12.20-A, 6 (b) (4) L.A.M.C.

8. Other: _____

The compliance date to make corrections as specified in this notice, may be extended for a period "not" to exceed 45 days if the owner or operator of the yard presents satisfactory written evidence to the Superintendent of Building that unusual difficulties prevent substantial compliance without such extension.

No extension of time with this notice may be granted where the notice is issued as a result of a repeat violation within one year of a prior notice that caused a Certificate of Occupancy Revocation Proceedings to begin.

"WARNING" — FAILURE TO COMPLY — CONSEQUENCES

Failure to comply within the time shown on this Notice or any authorized written extension will lead to an automatic commencement of a Certificate of Occupancy revocation proceedings as provided for in Section 12.26-F, 6. Proceedings will involve a revocation hearing, and may be terminated if the violations are corrected and a fine paid as required by the Los Angeles Municipal Code. Said fine is **\$250.00 for each** of the following violations: 1. Fencing in disrepair; 2. Vehicles or other material are stacked or piled to a height exceeding the standards specified in the Municipal Code; 3. Storage of vehicles or other materials outside the required fence surrounding the yard; 4. Failure to maintain the required minimum number of parking spaces; and 5. Dismantling, repairing, wrecking, modifying, processing, stripping, or otherwise working on any vehicles or other materials outside of the required fence.

A fine of \$100 per violation shall be levied as to all other violations of the provisions of the Municipal Code.

Note: The violations cited on this notice are not appealable to the Board of Building and Safety Commissioners. Section 12.26-F, 12 L.A.M.C.

For consultation regarding this order or to assist you in securing a permit, the inspector whose name appears on this sheet may be personally contacted or reached by telephone between the hours of 7:30 and 9:00 a.m., Monday through Friday, in Room 425 of the Los Angeles City Hall, North Spring Street.

R. REEDY		TELEPHONE NO. 485-5622	SURVEY DATE 7-25-85
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COUNCIL DIST. 1		Area	
Job Address CALIFORNIA PORTLAND CEMENT CO. 11400 PECORIA ST.		Operator's Name GARY AVAKIAN	
Owner's Address 800 WILSHIRE BLVD		Operator's Address 9928 GLENOAKS BLVD	
City and State LOS ANGELES, CA. 90042		City and State SUN VALLEY, CA. 91352	
Zone M3-1	Lot 12424	Block 18	Tract 1 A LANDY WATER CO SUB OF PT OF MACLAY RANCH

NOTICE TO COMPLY WITH ZONING CODE REQUIREMENTS

Pursuant to Section 12.26-F of the Los Angeles Municipal Code, an inspection has been conducted of the Automobile Dismantling Yard, Scrap Metal Processing Yard, or Junk Yard located at the above listed job address. The conditions represented by the items checked below are violations of the Los Angeles Municipal Code. You are therefore ordered to secure all required permits and complete the necessary work to bring these conditions into compliance with the Code within 30 days from the mailing date appearing on this notice.

Mailing Date **MAR 22 1983**

Reason For Inspection

- ☒ Annual Inspection ☐ Repeat Violation ☐ Complaint or Referral
- ☒ 1. There is no Certificate of Occupancy on record for this use. Discontinue the use of land as an/a (Automobile Dismantling Yard) (Scrap Metal Processing Yard) (Junk Yard) or obtain a building permit and a Certificate of Occupancy for the use of land. Section 12.26-E, (2) L.A.M.C.
 - ☒ 2. The use is not being conducted wholly within an enclosed building or within an area completely enclosed with a solid wall or fence at least eight feet in height with necessary solid gates of like height. Provide and maintain the required enclosure.
M2 Zone — Section 12.19-A, 4 (b) (2), 12.23-C, 6 (a), 12.21-A, 9 L.A.M.C.
☒ M3 Zone — Section 12.20-A, 6 (b) (1), 12.23-C, 6 (b), 12.21-A, 9 L.A.M.C.
 3. Material is being stored or stacked to a height greater than the height of the enclosure. Reduce the height of the storage or stacking of materials to the following:
M2 Zone — Reduce and maintain the height of the storage or stacking to a height no greater than the height of the enclosure. Section 12.19-A, 4 (b) (3)
M3 Zone — Reduce and maintain the height of the storage or stacking to a height no greater than the height of the enclosing walls or fences in the area within 50 feet of an eight-foot high enclosure or within 37 feet of a ten foot high enclosure. Section 12.20-A, 6 (b) (2) L.A.M.C.
 - ☒ 4. The enclosing walls or fences are not being maintained or have been damaged and are in need of repair. Repair any deteriorated or damaged walls or fences to a straight, uniform and structurally sound condition. All repairs shall blend in with said walls or fence and be compatible therewith in color and material. Section 12.21-A, 9 L.A.M.C.
 5. The enclosing walls or fences have deteriorated and weathered. Paint, stain or seal the enclosing walls or fences to prevent further weathering and deterioration. Section 12.21-A, 9 L.A.M.C.
 6. Material or automobiles to be dismantled or parts thereof are being stored outside the enclosure. Remove all material, automobiles and parts from the area outside of the enclosure. Sections 12.19-A-4 (b) (2), 12.20-A, 6 (b) (1) L.A.M.C.
 7. The required off-street paved parking area has not been provided and maintained. Provide _____ paved parking spaces 8' 4" in width and 18 feet in length with necessary driveways.
M2 Zone — Sections 12.19-A, 4 (b) (4), 12.21-A, 5 (f), 12.21-A, 6 (c) L.A.M.C.
M3 Zone — Sections 12.20-A, 6 (b) (3), 12.21-A, 5 (f), 12.21-A, 6 (c) L.A.M.C.
 8. The required landscaping has not been provided and maintained. Provide and maintain the required landscaping a minimum of two feet measured at a right angle from the adjacent street to the required enclosure and extending the full length of the property where contiguous to the street except for areas necessary for ingress and egress.
M2 Zone — Section 12.19-A, 4 (b) (5) L.A.M.C.
M3 Zone — Section 12.20-A, 6 (b) (4) L.A.M.C.
 9. Other: _____

The compliance date to make corrections as specified in this notice, may be extended for a period not to exceed 45 days if the owner or operator of the yard presents satisfactory written evidence to the Superintendent of Building that unusual difficulties prevent substantial compliance without such extension.

No extension of time with this notice may be granted where the notice is issued as a result of a repeat violation within one year of a prior notice that caused a Certificate of Occupancy Revocation Proceedings to begin.

FAILURE TO COMPLY — CONSEQUENCE "WARNING"

Failure to comply within the time shown on this Notice or any authorized written extension will lead to an automatic commencement of a Certificate of Occupancy revocation proceedings as provided for in Section 12.26-F, 6. Proceedings will involve a revocation hearing, and may be terminated if the violations are corrected and a fine paid as required by the Los Angeles Municipal Code. Said fine is \$250.00 for each of the following violations: 1. Fencing in disrepair; 2. Vehicles or other material are stacked or piled to a height exceeding the standards specified in the Municipal Code; 3. Storage of vehicles or other materials outside the required fence surrounding the yard; 4. Failure to maintain the required minimum number of parking spaces; and 5. Dismantling, repairing, wrecking, modifying, processing, stripping, or otherwise working on any vehicles or other materials outside of the required fence.

A fine of \$100 per violation shall be levied as to all other violations of the provisions of the Municipal Code.

Note: The violations cited on this notice are not appealable to the Board of Building and Safety Commissioners. Section 12.26-F, 12 L.A.M.C.

For consultation regarding this order or to assist you in securing a permit, the inspector whose name appears on this sheet may be personally contacted or reached by telephone between the hours of 7:30 and 9:00 a.m., Monday through Friday, in Room 960 of the Los Angeles City Hall, 200 North Spring Street.

FOR N. KOBOSA	TELEPHONE NO. 485-7027	SURVEY DATE 3-21-83
WHITE-Property Owner B & S CONS-30 (10-78)	PINK-Tenant	YELLOW-Field Copy BLUE-File Copy

CALIFORNIA PORTLAND CEMENT COMPANY

P.O. BOX 947, COLTON, CALIFORNIA 92324 / TELEPHONE (714) 825-4260

July 8, 1982

WILLIAM J. CONWAY
MANAGER OF PROPERTIES

Atomic Auto Parts & Salvage
9928 Glenoaks Blvd.
Sun Valley, CA 91352

Gentlemen:

Your rent check for July has been received; thank you very much. In order to help me with my routine chores, would you please make future checks out to California Portland Cement Company and send them to 800 Wilshire Blvd., Los Angeles, CA 90017-2677, Attention: Tim Morano.

Sincerely,



W. J. Conway

WJC:cy



COUNCIL DIST. 1		Area	
Job Address CALIFORNIA PORTLAND CEMENT		Operator's Name GARY ANAKIAN	
Address 800 WILSHIRE BLVD		Operator's Address 9928 GLENOAKS BLVD	
City and State LA Ca		City and State SUN VALLEY Ca	
Zone M31	Lot 12324	Block 18	Zip Code 91352
Tract Part of MacLay Ranch			

NOTICE TO COMPLY WITH ZONING CODE REQUIREMENTS

ursuant to Section 12.26-F of the Los Angeles Municipal Code, an inspection has been conducted of the Automobile Dismantling Yard, Scrap Metal Processing Yard, or Junk Yard located at the above listed job address. The conditions represented by the items checked below are violations of the Los Angeles Municipal Code. You are therefore ordered to secure all required permits and complete the necessary work to bring these conditions into compliance with the Code within **30** days from the mailing date appearing on this notice.

Reason For Inspection	Mailing Date MAY 24 1982
<input checked="" type="checkbox"/> Annual Inspection	<input type="checkbox"/> Repeat Violation
<input type="checkbox"/> Complaint or Referral	

1. There is no Certificate of Occupancy on record for this use. Discontinue the use of land as an/a (Automobile Dismantling Yard) (Scrap Metal Processing Yard) (Junk Yard) or obtain a building permit and a Certificate of Occupancy for the use of land. Section 12.26-E, (2) L.A.M.C.
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The enclosing walls or fences have deteriorated and weathered. Paint, stain or seal the enclosing walls or fences to prevent further weathering and deterioration. Section 12.21-A, 9 L.A.M.C.
6. Material or automobiles to be dismantled or parts thereof are being stored outside the enclosure. Remove all material, automobiles and parts from the area outside of the enclosure. Sections 12.19-A-4 (b) (2), 12.20-A, 6 (b) (1) L.A.M.C.
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8. The required landscaping has not been provided and maintained. Provide and maintain the required landscaping a minimum of two feet measured at a right angle from the adjacent street to the required enclosure and extending the full length of the property where contiguous to the street except for areas necessary for ingress and egress.
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M3 Zone — Section 12.20-A, 6 (b) (4) L.A.M.C.
9. Other:

The compliance date to make corrections as specified in this notice, may be extended for a period not to exceed 45 days if the owner or operator of the yard presents satisfactory written evidence to the Superintendent of Building that unusual difficulties prevent substantial compliance without such extension.

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For consultation regarding this order or to assist you in securing a permit, the inspector whose name appears on this sheet may be personally contacted or reached by telephone between the hours of 7:30 and 9:00 a.m., Monday through Friday, in Room 960 of the Los Angeles City Hall, 200 North Spring Street.

OR A. GODSCHALK	TELEPHONE NO. 488-7027	SURVEY DATE 5-21-82
WHITE-Property Owner	PINK-Tenant	YELLOW-Field Copy
BLUE-File Copy		

Industrial Security

Real Estate, Inc.

9255 Glenoaks Boulevard • Sun Valley, California

PHONE:
(213) 767-7141
(213) 768-2500

April 2, 1982

Cal. Portland Cement Co.
P.O. Box 947
Colton, Ca. 92324
Attn: William J. Conway

Dear Bill:

Enclosed please find 3 sets of executed leases by Gary and Avedis, along with their check in the amount of \$8,750.00 and our billing statement, (as you requested). If everything is in order, please keep the original and return to me two fully executed copies. They are anxious to get into the property so as soon as you and Carl wish to give them possession, please contact me so we can make arrangements for the key. Thank you.

Sincerely yours,

Kerry T. Seidenglanz

April 15 - April 30	1250
May 1 - May 31	2500
Security Deposit	5000
	<u>8750</u>

CC Tim Merano

Dun & Bradstreet, Inc.

This report has been prepared for:
XO. W. J. Conway
SUBSCRIBER:
3-29-82

LATER REPORT
FOLLOWING

BE SURE NAME, BUSINESS AND
ADDRESS MATCH YOUR FILE.

THIS REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY MANNER WHATEVER.

DUNS: 05-191-5643
EST AUTO PARTS AND SALVAGE

DATE PRINTED
MAR 24 1982

RATING --

2301 BRANFORD
ARLETA)
ACOIMA CA 91331
TEL: 213 896-2622

SIC NO.
59 31

STARTED 1978
PAYMENTS SEE BELOW
EMPLOYS 15
HISTORY INCOMPLETE

ACK BERGBOUDIN, OWNER

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)
REPORTED PAYING HIGH CREDIT NOW OWES PAST DUE SELLING TERMS LAST SALE WITHIN

/82 Ppt-Slow 30 100 100 50 1 Mo
/81 (2)

Cash own option.
Payment experiences reflect how bills are met in relation to the terms granted.
In some instances payment beyond terms can be the result of disputes over merchandise,
skipped invoices etc.

FINANCE
4/28/81

On APR 28 1981 Jack Bergboudin, owner, declined financial statement.

HISTORY
4/28/81

JACK BERGBOUDIN, OWNER
Style unregistered. Used for business purposes. Ownership acknowledged verbally
by Jack Bergboudin, owner on APR 28 1981. Business started 1978 by Jack Bergboudin.
Starting capital derived from affiliate Atomic Auto Parts & Salvage Inc. Exact amount

Personal Privacy

President of Atomic Auto Parts & Salvage Inc. Sun Valley, Ca. Started in 1977, active in auto
salvage. Inter-company relations consists of loan transactions and officers.

LOCATION
4/28/81

Operates a salvage yard 100%.
Has 50 accounts. Terms are cash to general public and net 30 days to insurance
companies. Sells to general public and insurance companies. Territory state of
California.
Nonseasonal.
EMPLOYEES: 15 including owner.
FACILITIES: Owns 45,000 sq. ft. in 1 story block building located on 1 1/2 acres.
LOCATION: Suburban business section on well traveled street.
03-24(519 /937) 00000 093
Union Bank, North Hollywood

IS REPORT, FURNISHED PURSUANT TO CONTRACT FOR THE EXCLUSIVE USE OF THE SUBSCRIBER AS ONE FACTOR TO CONSIDER IN CONNECTION WITH CREDIT,
SURANCE, MARKETING OR OTHER BUSINESS DECISIONS, CONTAINS INFORMATION COMPILED FROM SOURCES WHICH DUN & BRADSTREET, INC. DOES NOT CONTROL AND
DOSE INFORMATION, UNLESS OTHERWISE INDICATED IN THE REPORT, HAS NOT BEEN VERIFIED. IN FURNISHING THIS REPORT, DUN & BRADSTREET, INC. IN NO WAY
SUMES ANY PART OF THE USER'S BUSINESS RISK, DOES NOT GUARANTEE THE ACCURACY, COMPLETENESS, OR TIMELINESS OF THE INFORMATION PROVIDED. AND

CREDIT APPLICATION OF

100 1415
BEST AUTO PARTS & SALVAGE

Firm Name

Parent Co. (if subsidiary)

Owner #1 GARY AVAKIAN

Owner #2 AVEDIS BERCHOUKIAN

Personal Privacy

Personal Privacy

Is Business Incorporated/Partnership or
Sole Ownership? INCORPORATED

Owner # 3

Home Address

Present Bus. Address 12301 BIANFORD ST
PACOMA CALIF. 91331

Home

Phone: SS#

How Long 2 years Year Established 1980

Present Landlords Name GARY AVAKIAN

Phone # 396-2622

" " Address

Personal Privacy

Type of Business: AUTO PARTS & SALVAGE

Insurance Carrier: FARMERS

Insurance Agent: SEYMOUR BRODEL

Phone # 373-4132

Address: 17915 VENTURA BLVD

ENCINO CALIF.

WHERE DO YOU BANK:

Personal Privacy

Branch: NORTH HOLLYWOOD

Party to contact ROCCO ASS VP

Phone # 995-2151

Account #

Personal Privacy

Savings Acct. #

Where

BUSINESS REFERENCES: Give only names of those you buy from on Open Account:

Co. Name VIOS AUTO PARTS

Street # 10000 CLEMONS RD City SAN VALLEY

Phone # 767-2117

Who to contact VITO OR GREG

Co. Name EURASIAN Automotive

Street # 990 BENICA

City SUNNYVALE

Phone # 1-800-672-1808

Who to contact CREDIT DEPARTMENT

Co. Name City AUTO PARTS

Street # 6935 CHERRY AVE City LONG BEACH

Phone # 636-9000

Who to contact MARVIN OR IRA

Co. Name IMPORTED Automotive Parts

Street # 3111 BANDINI

City L.A.

Phone # 264-6711

Who to contact CREDIT DEPARTMENT

Mortgage on Machinery or Equipment held by NONE

Phone #

Do you pledge or borrow on your accounts receivable? NO

From Whom

Phone

Dated: 3-17-82

Signed: Gary Avakian

Signed: Avedis Berchoukian

orig to Ed Rawlin

L E A S E

THIS LEASE is made this 10th day of November, 1980, by and between CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation (hereinafter ("LESSOR")), and JESSE RODRIGUEZ and ALPHONSE HARRISON, dba Sun Valley Auto Parts, (hereinafter "LESSEE").

RECITALS

1. LESSOR is the owner of certain real property and improvements located in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), which is more particularly described in Exhibit "A". Said exhibit is attached hereto and incorporated by this reference herein as though fully set forth.
2. LESSEE desires to lease the Premises from LESSOR subject to the terms and conditions which are more fully hereinafter set forth.
3. LESSEE has examined the Premises and is fully informed of the condition thereof.
4. LESSOR leases to LESSEE and LESSEE leases from LESSOR the premises subject to the following terms and conditions.

ARTICLE I

Term

SECTION 1.01. The term of this Lease shall commence on December 1, 1980, and shall terminate on July 31, 1985, unless sooner terminated as provided herein.

ARTICLE II

Rent

SECTION 2.01. During the term of this lease, LESSEE shall pay to LESSOR in advance without deduction or offset at such place or places as may be designated from time to time by LESSOR for the rent of the premises the sum of One Thousand, Nine Hundred and Fifty Dollars (\$1,950.00) per month on the first day of each month beginning December 1, 1980, subject to escalation as herein after provided.

Section 2.02. The monthly rental of \$1,950.00 shall be escalated on August 1, 1981, for the following one-year period of the term hereunder which is hereby designated the second year and on August 1, of each respective year for the following year of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, \$1,950.00 by the quotient, carried to four decimal places, of the Consumer Price Index--Los Angeles-Long Beach-Anaheim, CA., All Urban Consumers (DPI-LA-LB) for the month of May, 1981, divided by 249.1. The figure "249.1" is the 1979 CPI-LA-LB for the month of May, 1980. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on August 1, 1981, assuming the CPI for the month of May, 1981, is 260.

Solution:

Divide 260 by 249.1 equals 1.0438.

Multiply \$1,950.00 by 1.0438 equals \$2,035.41, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for each one-year period of the term hereunder. It shall be derived by dividing the May CPI of each respective year by 249.1. The escalated rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

SECTION 2.03. LESSEE is hereby granted an option to renew this lease for an additional period of three (3) years. The monthly rental for each one year period of the extension shall be escalated on April 1, of the respective period by multiplying \$1,950.00 by the quotient, carried to four decimal places, of the revised CPI for the month of May of the preceding respective period divided by 249.1. Such option, if exercised, shall be exercised by notice in writing to LESSOR of LESSEE's exercise of option given to LESSOR prior to January 31, 1985.

ARTICLE III

SECTION 3.01. LESSEE agrees to pay to LESSOR a sum equal to the increase in real property taxes hereafter assessed against said premises over and above the taxes on said Premises for the fiscal year 1979-1980. Payment of said taxes shall be made to LESSOR by LESSEE upon demand on or before the date upon which the first installment of said taxes becomes due.

SECTION 3.02. LESSEE shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied against LESSEE's personal property located in or on the Premises which become payable during the term hereof. On demand by LESSOR, LESSEE shall furnish LESSOR with satisfactory evidence of these payments.

ARTICLE IV

Use

SECTION 4.01. LESSEE shall use the Premises as an auto wrecking, storage, and dismantling yard. And shall not use said Premises for any other purpose or purposes without the prior written consent of LESSOR.

SECTION 4.02. LESSEE shall not use the Premises in any manner that will constitute a waste, nuisance, or unreasonable annoyance to owners or occupants of adjacent properties or to the public in general. Furthermore, LESSEE shall comply with all laws, regulations, and ordinances applicable to and associated with the condition, use, or occupancy of the Premises.

ARTICLE V

Maintenance

SECTION 5.01. LESSOR shall not be obligated to make any repairs, perform any maintenance to or on the Premises, or

replace any item of equipment which is a part thereof.

SECTION 5.02. LESSEE at its sole cost and expense shall maintain the Premises in a good and workable physical condition during the term hereof and shall deliver said Premises to LESSOR at the expiration of the term hereof in substantially the same condition as such Premises were in at the commencement of this Lease.

SECTION 5.03. It is understood and agreed that the leased Premises have been used as a land fill and that the LESSOR shall not be liable to LESSEE on account of any subsidence of the Premises. LESSEE agrees to keep the Leased Premises graded and in such condition that rain water will drain naturally and large ponding will not occur.

ARTICLE VI

Alterations/Improvements

SECTION 6.01. LESSEE shall not make any alterations or improvements (including filling and grading) to the Premises without LESSOR'S prior consent.

SECTION 6.02. LESSEE shall procure any necessary approvals and permits from all appropriate governmental agencies prior to making any authorized alteration of or improvement to the Premises and shall fully comply with any statute, law, regulation, or ordinance which may be applicable to same.

SECTION 6.03. LESSEE may place and maintain office and/or storage buildings and other items appurtenant thereto in and upon the Premises at his own risk and expense provided that he meets all requirements of law with respect thereto and subject to the prior approval in writing by LESSOR of the plans and specification for these improvements. LESSEE may remove said buildings upon expiration of the term of this Lease provided that LESSEE is not in default of any of the terms of this Lease. If LESSEE elects not to remove said building, the condition thereof shall be such that it will be useable without

major repairs or structural alteration by a succeeding tenant.

SECTION 6.04. LESSEE shall erect and maintain a fence on the perimeter of the Premises of such height and type that it is at all times in compliance with the law governing auto dismantling yards.

SECTION 6.05. LESSOR shall have the right to post about the Premises and record any notices of nonresponsibility regarding any such alterations or improvements that LESSOR deems advisable.

SECTION 6.06 LESSEE shall remove any and all personal property which LESSEE has placed or brought upon the Premises within (30) days after the termination of this Lease for any reason. If not so removed, LESSOR shall have the right but not the obligation to remove the same at LESSEE'S expense; and in such event, LESSEE agrees to reimburse LESSOR for the costs thereof. In addition to such right of removal, LESSOR shall have the right to dispose of any such property in any manner whatsoever should LESSEE fail to remove the same within said period, including the destruction thereof in whole or in part, and LESSEE waives all claims and demands for any damage or loss arising by reason of any such removal and/or destruction.

ARTICLE VII

Mechanics' Liens

SECTION 7.01. LESSEE shall pay all costs for alterations and improvements to the Premises done by LESSEE or caused to be done by LESSEE as permitted or required by this Lease. LESSEE shall keep the Premises free and clear of all mechanics'

liens resulting from any such alterations or improvements done by or for LESSEE.

LESSEE shall have the right to contest the correctness or the validity of any such lien if, immediately on demand by LESSOR, LESSEE procures a bond issued by a corporation authorized to issue surety bonds in California, in favor of LESSOR in an amount equal to at least one and one-half times the amount of the claim of lien, which bond shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action).

ARTICLE VIII

Utilities

SECTION 8.01. LESSEE shall make all arrangements for and pay for any and all utilities and services furnished to or used by LESSEE, including, without limitation, gas, electricity, water, telephone service, and trash collection.

ARTICLE IX

Exculpation and Indemnity/Insurance

SECTION 9.01. LESSOR shall not be liable to LESSEE for any damage to LESSEE or LESSEE'S property from any cause whatsoever, except those that are caused by the sole negligent act or omission to act of LESSOR or its authorized representatives.

SECTION 9.02. LESSEE has inspected the entire Premises, is fully aware of the condition of said Premises, and accepts the same as is.

SECTION 9.03. LESSEE agrees to and does hereby indemnify and hold LESSOR harmless from and against all liability, claims, demands, costs, and expense of every kind and nature (including the cost of defense) for injury to or death of any

person or persons, and for damages, destruction, or loss, consequential or otherwise, to or of any and all real or personal property, or any right appurtenant thereto, occurring on, arising out of, or in any way connected with said Premises or LESSEE'S use thereof during the term hereof or any extensions thereof.

SECTION 9.04. LESSEE, at its own expense, shall maintain insurance applicable to the Premises of the following types and in the following amounts:

Insurance covering public liability and property damage as will fully protect LESSOR against claims of any and all persons for personal injury, death, or property damage occurring in or about the Premises, or in any manner arising out of or connected with LESSOR'S ownership or LESSEE'S use and occupation of said Premises or the condition thereof. Such insurance shall afford protection of not less than \$500,000 for injury to one person and \$1,000,000 for injury to more than one person in one accident and \$500,000 for damage to property per incident.

With respect to the insurance provided for in this Section, policies or certificates of insurance in form and substance satisfactory to LESSOR and written by companies acceptable to LESSOR shall be furnished to LESSOR. Furthermore, such policies shall name Lessor as an additional insured and shall be noncancellable without ten (10) days' prior written notice to LESSOR.

ARTICLE X

Eminent Domain

SECTION 10.01. If title to the fee of the whole of the Premises shall be taken or condemned by any competent authority for any public or quasi-public use, this Lease shall cease and terminate as of the date of such taking.

SECTION 10.02. If title to the fee of less than the whole of the Premises shall be so taken or condemned LESSEE, may terminate this Lease on thirty (30) days prior written notice to LESSOR.

SECTION 10.03. If title to the fee or less than the whole of the Premises shall be so taken or condemned but this Lease shall not be terminated pursuant to the provisions of the preceding Section, this Lease shall continue in full force and effect.

SECTION 10.04. In the event of any such total or partial taking or condemnation, the total award made by the authority which took or condemned the Premises, or any part thereof, shall be paid to LESSOR, and LESSEE shall have no right in and to any part of such award except such portion as is made solely for the loss or destruction of LESSEE'S property caused by such taking or condemnation.

ARTICLE XI

Sales, Assignments, and Subleases

SECTION 11.01. LESSOR may convey and otherwise dispose of the Premises and its interest under this Lease at any time and thereafter shall not be subject to any of the obligations of LESSOR under this Lease; and in the event of any transfer of LESSOR'S revision or its interest under this Lease, its rights, duties, and obligations under this Lease shall inure to and shall be binding on the transferee or successive transferees as the case may be.

SECTION 11.02. LESSOR shall be entitled to exhibit the Premises during business hours, after advance notice to LESSEE and without disturbing the operation of LESSEE'S business, for

the purpose of selling the Premises or LESSOR'S interest in this Lease, and LESSOR shall be entitled to attach to the Premises a notice or notices advertising said Premises for sale.

SECTION 11.03. LESSEE may not assign, sell, mortgage, pledge, or otherwise dispose of or encumber its interest in this Lease without the prior written consent of Lessor. The foregoing shall not prevent an assignment by operation of law in the event that LESSOR shall merge or consolidate with another corporation, provided that the net worth of the resulting corporation is at least equal to the net worth of LESSEE immediately prior to such consolidation or merger.

ARTICLE XII

Default/Remedies

SECTION 12.01. If (i) LESSEE shall fail (i) to comply with any of the terms, covenants, conditions, or obligations of this Lease for thirty (30) days after written notice from LESSOR, or in the case where such compliance cannot with due diligence be effected within thirty (30) days, if LESSEE fails to proceed within thirty (30) days of such notice and thereafter to prosecute with due diligence the completion of such compliance; or (ii) LESSEE shall file a petition in bankruptcy or for reorganization or to effect a plan or other arrangement with creditors, or be adjudicated a bankrupt or make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; or (iii) a receiver, trustee, or liquidator of LESSEE or of all or substantially all of the property of LESSEE shall be appointed in any proceedings brought by LESSEE, or if any such receiver, trustee, or liquidator shall be appointed in any

proceeding brought against LESSEE and if such receiver, trustee, or liquidator shall not be discharged within ninety (90) days after such appointment, then in any of such events LESSEE shall be deemed to be in default.

SECTION 12.2. In the event of a default by LESSEE, LESSOR may thereafter terminate this Lease without prior notice to or demand on LESSEE.

SECTION 12.03. The failure of LESSOR to insist in any case upon the strict performance of any term, condition or covenant in this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such term, condition, covenant or option.

SECTION 12.04. If LESSEE shall at any time fail to take out, pay for, maintain, or deliver any of the insurance policies or certificates provided for in Article IX, or shall fail to cure a default within the time set forth in Article XII after the notice therein specified of any default has been given thereunder, to make any other payment, or to perform any other act on its part to be made or performed, then LESSOR may but shall not be obligated so to do and without further notice or demand upon LESSEE and without waiving or releasing LESSEE of any obligations of LESSEE in this Lease contained, (a) make any such additional payment otherwise payable by LESSEE pursuant to Section 3.02, or (b) take out, pay for, and maintain any of the insurance policies provided for in Article IX, or (c) make any other payment or perform any other act on LESSEE'S part to be made or performed as in this Lease provided. All sums so paid by LESSOR and all necessary incidental costs and expenses in connection with the performance of any such act by

LESSEE, together with interest thereon at the rate of ten percent (10%) per annum from the date of making such expenditure by LESSOR, shall be payable to LESSOR on demand.

ARTICLE XIII

Miscellaneous

SECTION 13.01. LESSEE shall, at any time and from time to time upon not less than ten (10) days' prior request by LESSOR, execute, acknowledge, and deliver to LESSOR a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and, if so, the dates to which the fixed rent and any other rent or charges have been paid in advance, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser or encumbrancer (including assignees) of the Premises.

SECTION 13.02. Upon the expiration or earlier termination of this Lease, LESSEE shall surrender immediate possession of the Premises to the LESSOR in as good condition as they were at the time of the execution and delivery of this Lease.

SECTION 13.03. All notices to be given hereunder by either party shall be in writing and delivered by hand or sent by registered or certified mail addressed to the party intended to be notified at the address specified below, or to such other person at such other address as either party shall designate, by notice in writing to the other. All notices made by certified or registered mail shall be deemed

received by the party to which addressed forty-eight (48) hours after the deposit thereof, first-class postage prepaid, in the United States mails..

If notice is to LESSOR:

CALIFORNIA PORTLAND CEMENT COMPANY
800 Wilshire Boulevard
Los Angeles, California 90017

If notice is to LESSEE:

SUN VALLEY AUTO PARTS
11315 Pendleton Street
Sun Valley, California 91352

SECTION 13.04. LESSEE shall not record this Lease without the written consent of LESSOR. Upon the request of LESSOR, LESSEE shall join in the execution of a memorandum or so-called short form of this Lease for the purposes of recordation. Said memorandum or short form of this Lease shall describe the parties, the Premises, and the term of this Lease and shall incorporate this Lease by reference.

SECTION 13.05. The captions, section numbers, article numbers, and table of contents appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

SECTION 13.06. If any Article, Section, or Subsection of this Lease, in whole or in part, is adjudged unenforcible at law, such unenforcible provisions shall be considered as deleted herefrom, and except for such deletion all other provisions of this Lease shall remain in full force and effect.

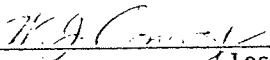
SECTION 13.07. This Lease and the performance hereof shall be governed by the laws of the State of California.

SECTION 13.08. Time is of the essence in every particular of this Agreement.

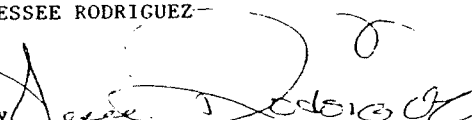
SECTION 13.09. The foregoing represents the entire Agreement of the parties hereto with respect to said Premises and supersedes all prior negotiations and representations whatsoever.

IN WITNESS WHEREOF, LESSOR and LESSEE have caused this Lease to be executed by their duly authorized officers and their respective corporate seals to be hereunto affixed.

CALIFORNIA PORTLAND CEMENT COMPANY

By  Lessor

JESSEE RODRIGUEZ-

By  Lessee

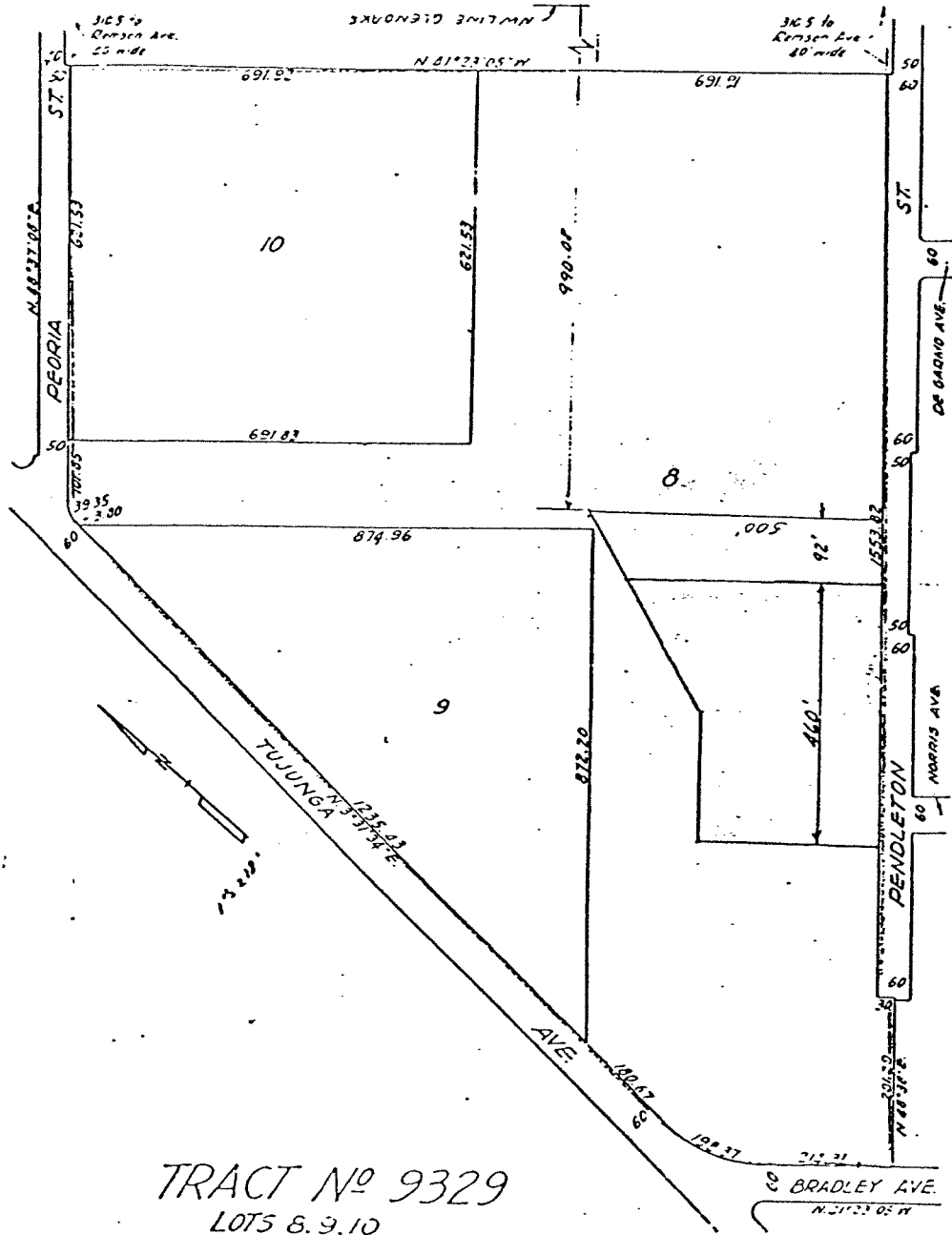
ALPHONSE HARRISON

By  Lessee

EXHIBIT "A"

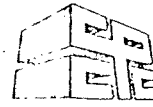
That portion of Lot 8 of Tract 9329 recorded in Map Book 179, pages 9 and 10, recorded in the records of Los Angeles County, State of California, more particularly described as follows:

Beginning at the intersection of Southwesterly line of Glenoaks Boulevard with the Northwesterly line of Pendleton Street; thence Northwestly along said Southwesterly line of Glenoaks 444.24 feet; thence Southwesterly 1082 feet to the true point of beginning thence Southeasterly 444.24 feet to a point in the Northwesterly line of said Pendleton Street; thence Southwesterly 460 feet along said Northwesterly line of Pendleton Street; thence at right angles to said Northwesterly line of Pendleton Street 300 feet to a point; thence Northeasterly parallel to Pendleton Street 222 feet to a point; thence northerly to the true point of beginning.



CALIFORNIA PORTLAND CEMENT COMPANY

P.O. BOX 947, COLTON, CALIFORNIA 92324 / TELEPHONE (714) 825-4260



WILLIAM J. CONWAY
MANAGER OF PROPERTIES

August 15, 1978

Mr. Martin Sklar
8727 San Fernando Road
Sun Valley, CA.

Subject: Lease between California Portland Cement Company
and Martin Sklar, dba Sun Valley Auto Wrecking,
Inc. dated August 15, 1978.

Gentlemen:

This letter, when accepted by you, shall constitute an addendum
to the subject lease.

Paragraph two of subject lease is revised as follows:

The term of this lease is for three years, beginning
September 1, 1978 and ending on August 31, 1981.

Lessee is hereby granted an option to renew this lease
for three (3) additional periods of (1) year each at a
rental to be determined at the beginning of the year
of each option.

The monthly rental of \$300.00 shall be escalated on
September 1, 1981, for the first year of the three
one-year options, and on September 1 of each subse-
quent year that the options are exercised by multi-
plying in the case of the monthly rental for the first
year option, \$300.00 by the quotient carried to four
decimal places of the 1967 Consumer Price Index--Los
Angeles-Long Beach-Anaheim--all Urban Consumers, for
the month of May 1981 divided by 191.5. The figure
191.5 is the 1967 Consumer's Price Index--Los Angeles-
Long Beach-Anaheim--All Urban Consumers (CPI) for the
month of May 1978. Said index is prepared and promul-
gated by the Bureau of Labor Statistics of the U. S.
Department of Labor.

per WSC:
Rebate of 50% of rent (\$150.00) is being made
by CPC for improvements. Sklar is making which
will be CPC's property at lease end. (No effect
as \$150 rent being paid. See page 2 of lease, para. 5.

Mr. Martin Sklar
August 15, 1978
Page 2

An escalation factor shall be determined and used in the same manner for the second and third one-year terms of the option. The numerator in each case being the said CPI for the month of May, of the respective year of the option.

The escalated rental shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for each one-year period hereunder shall not exceed six per cent of the rental for the preceding one-year period.

Lessee may place or maintain an office building in and upon said premises and other items appurtenant thereto at his own risk if he so desires, provided that he meets all requirements of the law with respect to the construction of and placement of said items upon said premises. Such items shall be maintained in a clean and neat and safe condition by the Lessee at his expense.

The leased premises contain approximately 6/10 of an acre.

All other provisions of subject lease shall remain unchanged in full force and effect throughout the term of the lease and the options thereof.

Very truly yours,

W. J. Conway
W. J. Conway

WJC:ygh

ACCEPTED BY:

Martin Sklar 8-18-78
Martin Sklar (Date)
dba Sun Valley Auto Wrecking, Inc.

LEASE

THIS LEASE is made and entered into this 15th day of August, 1978, by and between CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation, hereinafter called "Lessor," and MARTIN SKLAR, doing business as SUN VALLEY WRECKING, INC., hereinafter called "Lessee."

1. Lessor hereby leases to Lessee and Lessee hereby hires and takes from Lessor that certain real property located in the Sun Valley District of Los Angeles, California, particularly described in Exhibit A hereto attached and made a part hereof (hereinafter sometimes the "premises").

2. The term of this lease is for three (3) years, beginning August 15, 1978, and ending on August 14, 1981.

3. Lessee agrees to pay Lessor as rental for said property a total sum of \$14,400 payable as follows:

Handwritten: \$400
\$400 on the 15th of August, 1978, and \$400 on the 15th

day of each succeeding month for a total of thirty-six

(36) consecutive months subject, however, to the following:

Lessee has deposited with Lessor the sum of \$400 as security for the full performance of the terms of this lease or to defray any expense or damage reasonably incurred by reason of default. If Lessee is not in default at the termination of this lease, Lessor shall return the deposit to Lessee either by paying this sum to Lessee or by crediting it against the last payment of rent. This deposit may be commingled or dissipated, or both, and no interest shall be accrued thereon.

In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to any increase in real property taxes and assessments levied or assessed against said real property and any fixtures attached thereto over and above the taxes on the demised premises for the fiscal year 1978-79.

Handwritten:
CE #25276 for \$600.00
deposited 8/15/78

Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which the first installment of said taxes becomes due. The increase in taxes, if any, shall be prorated because of the fact that the fiscal years do not coincide with the term hereunder.

4. Lessee understands that a portion of said premises have been filled. He is thoroughly familiar with said premises and all parts thereof and he accepts said premises in the condition in which they are and assumes all risk of subsidence with respect thereto.

5. Lessee agrees to install at his sole expense such fences and driveway as required to meet his own needs. Such installations shall comply with regulations. Any such improvements shall become the property of Lessor upon installation. The cost incurred thereby shall be refunded to Lessee in the form of reductions in the monthly rent payments, not to exceed \$150 per month, provided that approval of Lessor is obtained for the cost of each item before installation.

6. Lessee shall maintain all fences and gates upon the demised premises in a good and serviceable condition at his expense.

7. Any notice given by the terms of this lease by one party to the other shall be given by personal service or by United States registered mail, addressed to Lessee at 8727 San Fernando Road, Los Angeles, California, or addressed to Lessor at P. O. Box 947, Colton, California 92324, to the attention of Mr. William J. Conway. Any such notice shall be deemed given two (2) days after mailing, if mailed within the State of California.

8. The premises shall be used as a wrecked automobile storage yard only and for no other purposes without the prior written consent of Lessor.

9. All repairs upon said premises shall be made at Lessee's sole expense and Lessee agrees that he will not commit, suffer or permit any waste on said premises and that he will not do or permit to be done thereon any act in violation of any law, ordinance, or regulation of any governmental authority.

10. Lessor shall not be obligated to make any repairs or perform any maintenance or grading or filing of any kind upon said premises whatsoever.

11. All property, improvements, equipment or structures excepting fences and gates which may be placed upon said premises by Lessee shall be removed by Lessee at Lessee's expense at the termination of this lease, and if not so removed within said period, Lessor shall have the right, but not the obligation, to remove the same at Lessee's expense, and in such event Lessee agrees to reimburse Lessor for the cost of such removal. Lessor shall have the right to

dispose of any such property in any manner whatsoever should Lessee fail to remove the same within said period, including, but not limited to, the destruction thereof, either in whole or in part, and Lessee waives any and all claims and demands for any damage or loss arising by reason of any such removal or destruction.

12. Lessee agrees to pay any and all taxes or assessments levied or assessed upon any personal property or improvements or structures placed upon said premises by him.

13. If any action is brought by either party hereto against the other for any breach of this lease, the defeated party in such litigation agrees to pay the prevailing party a reasonable sum, to be fixed by the court, for the prevailing party's attorney's fees and court costs.

14. Lessee shall and does hereby indemnify Lessor against, and save and hold Lessor harmless from and against any and all liability, claims, demands, damages and costs of every kind and nature for injury to or death of any and all persons, including, without limitation, employees or representatives of Lessor or of Lessee, or any other person or persons, and for damage, destruction or loss, consequential or otherwise, to or of any and all property, real or personal, including, without limitation, property of Lessor or of Lessee, or of any other person or persons, resulting from or in any manner arising out of or in connection with this lease or Lessee's use of, occupation of, or benefit from said leased premises. Lessee shall, also, upon request by Lessor, and at no expense to Lessor defend Lessor in any and all suits, concerning such injury to or death of any and all persons, and concerning such damage, destruction or loss, consequential or otherwise, to or of any and all property, real or personal, including, without limitation, suits by employees or representatives of Lessor or of Lessee, or any other person or persons.

15. Lessee further agrees at his sole cost and expense to maintain during the term of this lease a policy or policies of public liability and property damage insurance in an insurance company satisfactory to Lessor, naming Lessor as an additional assured thereunder, which shall insure Lessor against liability for injury to or death of one person in the sum of One Hundred Thousand Dollars (\$100,000.00); for injury to or death of two or more persons in the same accident in the sum of Three Hundred Thousand Dollars (\$300,000.00); and for property damage in the sum of Twenty-Five Thousand Dollars (\$25,000.00). Lessee agrees to deliver to Lessor a certificate issued

by the insurer or insurers, evidencing such insurance, and Lessee agrees to pay all premium charges in connection therewith, which shall be paid by Lessee when the same becomes due and before delinquency. Such insurance shall be primary and not contributory, as to Lessor.

16. Lessee shall not assign or hypothecate this lease or any interest herein, or sublet the demised premises, or any part thereof, without the written consent of Lessor, and any attempt to do so shall be void and shall confer no right or rights whatever upon any third party, and shall be cause for termination of this lease, on the notice hereinabove provided for, by Lessor at his option.

17. Time is of the essence of this lease. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding ceding breach of any obligation hereunder other than the failure to pay the particular rental so accepted, and the waiver by Lessor of any breach of covenant or condition shall not constitute a waiver of any other breach, regardless of knowledge. The consent of Lessor to any assignment or sublease shall not be deemed consent to any other subsequent assignment or sublease.

18. If (i) Lessee shall fail to pay any installment of rent or other sum of money due under this lease, for ten (10) days after written notice from Lessor that the same is due and payable, or (ii) to comply with any of the other terms, covenants, conditions or obligations of this lease for thirty (30) days after written notice from Lessor, or in the case where such compliance cannot with due diligence be effected within thirty (30) days, if Lessee fails to proceed within thirty (30) days of such notice and thereafter to prosecute with due diligence the completion of such compliance, or (iii) Lessee shall file a petition in bankruptcy or for reorganization or to effect a plan or other arrangement with creditors, or be adjudicated a bankrupt or make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or (iv) a receiver, trustee or liquidator of Lessee or of all or substantially all of the property of Lessee shall be appointed in any proceeding brought by Lessee or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Lessee and if such receiver, trustee or liquidator shall not be discharged within ninety (90) days after such appointment, then in any of such events Lessee shall be deemed to be in default.

19. Lessor shall have the following remedies if Lessee commits a default.

These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

Lessor may continue this lease in full force and effect, and said lease will continue in full force and effect as long as Lessor does not terminate Lessee's right to possession, and Lessor shall have the right to collect rent and other sums of money when due. During the period Lessee is in default, Lessor may enter the premises and relet them, or any part of them, to third parties for Lessee's account. Lessee shall be liable immediately to Lessor for all costs Lessor incurs in reletting the premises, including, without limitation, brokers' commissions, expenses of remodeling the premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this lease. Lessee shall pay to Lessor the rent and additional rent due under this lease on the dates when due, less the rent Lessor receives from any reletting. No act by Lessor allowed by this section shall terminate this lease unless Lessor notifies Lessee that Lessor elects to terminate this lease. After Lessee's default and for as long as Lessor does not terminate Lessee's right to possession of the premises, if Lessee obtains Lessor's consent Lessee shall have the right to assign or sublet its interest in this lease, but Lessee shall not be released from liability. Lessor's consent to a proposed assignment or subletting shall not be unreasonably withheld.

Lessor can terminate Lessee's right to possession of the premises at any time. No act by Lessor other than giving notice to Lessee shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this lease shall not constitute a termination of Lessee's right to possession. On termination, Lessor has the right to recover from Lessee:

- a. The worth, at the time of the award of the unpaid rent that had been earned at the time of termination of this lease;
 - b. The worth, at the time of the award of the amount of which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided;
 - c. The worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided;
- and

d. Any other amount, and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.

"The worth, at the time of the award," as used in a and b of this section is to be computed by allowing interest at the rate of ten (10) percent per annum. "The worth, at the time of the award," as referred to in c of this paragraph, is to be computed by discounting the amount of the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one (1) percent.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers thereunto duly authorized as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT COMPANY

By W. J. Conway

By Martin Sklar
Martin Sklar, dba Sun Valley
Auto Wrecking, Inc.

SAV - ON AUTO PARTS
& SALVAGE INC.

818-768-8618 213-875-1862
11315 PENDLETON ST.
SUN VALLEY, CA 91352

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CBI

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CALIF. PORTLAND CEMENT
Three Thousand and NO

SECURITY PACIFIC NATIONAL BANK
Canyon Plaza Office #0772
8409 Laurel Canyon Blvd.
Sun Valley, CA 91352

FOR RENT

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Arthur N. Beeghonian

CBI

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ADDENDUM TO STANDARD INDUSTRIAL LEASE--GROSS

The undersigned agree to modify, amend and supersede the attached "Standard Industrial Lease--Gross," dated _____, 1983 (the "Lease") in the following particulars:

1. The Lease shall be modified to include a paragraph 3.4 which shall read as follows:

"3.4 OPTION TO EXTEND LEASE TERM. Provided that Lessee is otherwise in compliance with all of the terms and conditions set forth in this Lease, and subject to paragraph 39, Lessee shall have the right to extend the term of this Lease for four (4) additional one-year periods, exercisable only by providing Lessor with written notice of Lessee's intent to so extend the Lease term at least sixty (60) days, but not more than ninety (90) days, prior to the expiration of the then current Lease term or the then current extension period, as applicable. All such one-year extensions shall be on the terms and conditions set forth in this Lease; provided, however, that the monthly rental obligation shall be determined as provided by paragraph 4."

2. Paragraph 4 of the Lease shall be modified to read, in its entirety, as follows:

"4. Rent.

4.1 INITIAL TERM. Lessee shall pay to Lessor as rent for the Premises, monthly payments of Two Thousand Five Hundred Dollars (\$2,500) each month during the initial one-year term of this Lease.

4.2 EXTENSIONS. Should Lessee elect to extend the initial one-year term of this Lease for additional one-year periods as contemplated by paragraph 3.4, then Lessee shall pay to Lessor as rent for the Premises, monthly payments of Three Thousand

Dollars (\$3,000) each month during the first, one-year extension period, and, Four Thousand Dollars (\$4,000) each month during such second, one-year extension period. Should Lessee elect to extend the term of this Lease for a third or fourth one-year extension period as contemplated by paragraph 3.4, then Lessee shall pay to Lessor as rent for the Premises each month during such third or fourth, one-year extension period, monthly payments of Four Thousand Dollars (\$4,000) adjusted as of the commencement of each such extension period as provided in paragraph 4.3 to reflect any increase in the Consumer Price Index for All Urban Consumers (base year 1967=100) for Los Angeles - Long Beach - Anaheim, California, published by the United States Department of Labor, Bureau of Labor Statistics (the "Index") which may occur during the term, including any extensions thereof, of this Lease.

4.3 RENT ADJUSTMENT. In the event that the term of this Lease is extended into a third or fourth, one-year extension period as contemplated by paragraph 4.3, then the Index published most immediately preceding the first day of any such extended term shall be used to determine the amount of the adjustment (the "Adjustment Index"). If the Adjustment Index has increased over the Index which is in effect on the date hereof (the "Beginning Index") the monthly rent for the Premises until the next adjustment, if any, shall be determined by multiplying the sum of Four Thousand Dollars (\$4,000) by a fraction wherein the numerator is the Adjustment Index and the denominator is the Beginning Index. In no event shall the monthly rent be less than the sum of Four Thousand Dollars (\$4,000) nor, notwithstanding any increase in the Index, shall the monthly rent be increased by an amount greater than thirty percent (30%) during the third, one-year extension period or forty percent (40%) during the fourth, one-year extension period.

If the Index is changed so that the base year differs from that in effect when the term commences,

the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation replacing it shall be used to obtain substantially the same result as would be obtained had the Index not been replaced or revised.

4.4 MISCELLANEOUS RENT PROVISIONS. The amount of rent described in paragraph 4 shall be in addition to any other amounts payable to Lessor pursuant to this Lease. Rent for any period during the initial term hereof, or any extensions, which is for less than one month shall be a pro rata portion of the current monthly rental obligation. Rent shall be payable to Lessor in lawful money of the United States, in advance, without abatement, demand or offset, at the address stated herein or to such other persons or at such other places as Lessor may designate in writing."

3. The following provisions are added to Section 6.2(a) of the Lease:

"In addition to any of Lessee's obligations under the Lease, Lessee agrees not to use the Premises for any purpose prohibited by law, whether criminal or civil. For the purpose of the preceding sentence, any act or omission by Lessee (including without limitation the possession of a prohibited substance) occurring on or about the Premises which is determined by a court of competent jurisdiction to violate any civil or criminal law, statute, ordinance or regulation shall be deemed a use of the Premises for an illegal purpose. Any breach of the requirements of this paragraph shall be deemed a material breach in Lessee's obligations under this Lease."

4. Paragraph 12.1 shall be modified to read, in its entirety, as follows:

"12.1 LESSOR'S CONSENT REQUIRED. The parties hereto acknowledge that the rent payable to Lessor under this Lease represents a settlement of claims between the parties and that such rent is more favorable to Lessee than would otherwise be available. The parties further acknowledge that the value of the favorable rent is approximately Thirty Thousand Dollars (\$30,000) and that this benefit is personal to Lessee. Accordingly, Lessee may not voluntarily or by operation of law assign, mortgage, sublet or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent, which consent Lessor, in its sole discretion, shall be free to grant or withhold in any manner whatsoever, reasonable or unreasonable. Notwithstanding the foregoing, upon the payment of Thirty Thousand Dollars (\$30,000) to Lessor, Lessor will not unreasonably withhold its consent in relation to any assignment, sublet or transfer contemplated by Lessee with respect to Lessee's interest in this Lease. Any attempted assignment sublease or transfer in contravention of this paragraph 12.1 shall be void and of no effect and, at the election of Lessor, shall terminate this Lease."

5. Paragraph 12.2 shall be amended to read, in its entirety, as follows:

"12.2 LESSEE OWNERSHIP. The following events shall conclusively be deemed to be a transfer of Lessee's interest under this Lease for the purpose of paragraph 12.1:

(a) any material change in the ownership or management of Lessee;

(b) the sale of all or substantially all of Lessee's assets as a going concern of the business being operated on the Premises;

(c) the acquisition of Lessee by another corporation or entity;

(d) the merger or consolidation of another corporation or entity into Lessee such that the present owners of Lessee do not own a controlling interest in the surviving corporation or entity; or

(e) any change in Lessee's management and ownership such that the present owners of Lessee do not own and directly control Lessee's business and affairs."

6. Paragraph 13.4 shall be modified by reference to the following:

"The late charge contemplated by paragraph 13.4 shall be a charge equal to ten percent (10%) of any installment of rent or other sum due from Lessee which shall not have been received by Lessor or Lessor's designee within ten (10) days after such amount first became due. Further, in the event that any check, draft or similar instrument tendered to Lessor in satisfaction of any of Lessee's obligations hereunder shall be dishonored, then, in addition to the foregoing, Lessee shall pay to Lessor the sum of Ten Dollars (\$10.00) for each time any such instrument is so dishonored."

7. Paragraph 15 shall be modified to read, in its entirety, as follows:

"15. BROKER'S FEE. Lessor and Lessee each represents and warrants that it has not employed any broker or finder in connection with the arrangement, negotiation or execution of this Lease and that each shall indemnify and hold the other harmless from and against any claim in the nature of a commission or finder's fee arising from or out of any breach of the foregoing representation and warranty."

8. It is understood and agreed that the Premises have been used as a landfill and that the Lessor shall not

be liable to Lessee on account of any subsidence of the Premises. Lessee agrees to keep the Premises graded and in such condition that rain water will drain naturally and large ponding will not occur."

9. The parties acknowledge and agree that the Premises initially leased to Lessee by Lessor consisted of unimproved land; thereafter Lessee constructed, at its sole cost and expense, the now existing improvements located upon the Premises. For the purposes of determining Lessee's obligations under the Lease, the Premises shall be deemed to refer to both the underlying land and the improvements; provided further that in addition to its obligations under the Lease, Lessee shall be responsible, at Lessee's sole cost and expense, to perform any and all repairs and maintenance for the improvements, including without limitation, any repairs required to conform the improvements to any applicable building codes, ordinances and regulations, at any time, in effect during the term of this Lease. In this connection, Lessee shall indemnify and hold Lessor harmless from any loss, cost, liability, claims or expense (including attorneys' fees) incurred or arising out of Lessee's construction, maintenance or repair of the improvements located on the Premises, including, without limitation, any claims arising out of the failure of the improvements to comply with applicable building codes, ordinances and regulations.

Notwithstanding any terms in the Lease to the contrary, during the term of this Lease, title to the improvements shall be vested in Lessee, provided, however, at the expiration of the Lease term or sooner termination of the Lease, such property shall be and become the property of Lessor. At such time, Lessee shall execute such documentation as reasonably required by Lessor to evidence Lessor's ownership of the improvements, including without limitation, a grant deed to the improvements. Notwithstanding the preceding provisions of this paragraph, in no event shall Lessee have the right to remove the improvements at any time either during or at the expiration of the Lease term.

10. This Lease shall be deemed the sole agreement between Lessor and Lessee with respect to the leasing of the Premises. Any and all prior written or oral agreements with

respect to the leasing of the Premises between Lessor and Lessee, or any member or members of Lessee, are deemed terminated and of no further force and effect.

11. Except as otherwise modified, amended and superseded in this Addendum, the terms and conditions set forth in the Lease shall remain in full force and effect. In the event there is any inconsistency or ambiguity as a result of the modifications set forth in this Addendum, the provisions of this Addendum shall control with respect to the interpretation of the Lease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Addendum to the Lease as of this 23rd day of February, 1983.

"Lessor"

CALIFORNIA PORTLAND CEMENT COMPANY
A California Corporation

By W. J. Conway
Its Manager of Properties

"Lessee"

SAVE-ON AUTO PARTS AND SALVAGE,
INC., A California Corporation

By Gary Avakian
Gary Avakian, President

By J. Avakian
J. Avakian, Secretary

Gary Avakian
Gary Avakian

J. Avakian
J. Avakian

*originals
in legal
file
Crest
11/16*

<p>● SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
<p>1. <input type="checkbox"/> Show to whom, date and address of delivery.</p> <p>2. <input type="checkbox"/> Restricted Delivery.</p>	
<p>3. Article Addressed to: Save-on Auto Parts and Salvage, Inc. and Gary Avakian and J. Avakian 11315 Pendelton Street Sun Valley, CA 91352</p>	
<p>4. Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number 228096</p>
<p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature Addressed to: X <i>[Signature]</i></p>	
<p>6. Signature - Agent X <i>[Signature]</i></p>	
<p>7. Date of Delivery 1 30 86</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	

PS Form 3811, July 1983 447-845

DOMESTIC RETURN RECEIPT

NOTICE TO PAY RENT OR QUIT

TO: Jesse Rodriguez, Alphonse Harrison, Agop
Berghoudian, individually and dba
Sun Valley Auto Parts and/or
AA Sun Valley Auto Parts, and
Tenants in Possession
11315 Pendleton Street
Sun Valley, CA 91352

NOTICE IS HEREBY GIVEN that under the terms of the lease dated April 2, 1982, between you and the undersigned by which you hold possession of the premises as shown on Exhibit "A" attached hereto and incorporated herein, located in the City of Los Angeles, County of Los Angeles, State of California, there is now due and unpaid rent for said premises in the sum of \$3,000.00 due December 1, 1985.

WITHIN THREE (3) DAYS after service on you of this notice, you are required to pay said rent in full or to deliver up possession of said premises to the undersigned. You are further notified that the undersigned has elected to, and hereby does, declare the lease under which you hold the premises to be forfeited in the event that you fail to pay the rent in full as herein required.

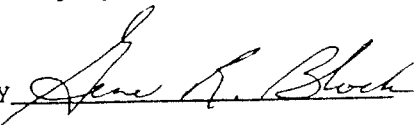
IF YOU FAIL either to pay such rent or to surrender up possession of the premises within said three (3) days, the undersigned will institute legal proceedings against you to recover possession of the premises, to declare the lease forfeited, and to recover TREBLE RENTS AND DAMAGES for the unlawful detention of the premises.

Dated: December 26, 1985

Landlord:

California Portland Cement
Company

By



LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 1st day of March, 1984, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and Bassam M. Haddad and Husam M. Haddad ^{d/ba Sam's Auto Salvage and Auto Wrecking} (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

2. Term. The term of this Lease shall be 4 (four) years commencing on March 1, 1985, and expiring on Feb. 28, 1989 subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord a rental of Six hundred forty three dollars (\$643.00) per month, and at such rate as adjusted in accordance with the provisions of §4, payable in advance on the first day of each calendar month during

the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rate provided for in §3 herein, shall be adjusted upward on March 1, 1986 and every year thereafter on March 1 (during the term hereof or any extension thereof), in the same proportion as the proportional difference between the "Consumer Price Index for Urban Wage Earners and Clerical Workers, all items (Los Angeles-Long Beach-Anaheim Area)", published by the United States Department of Labor, Bureau of Labor Statistics (CPI) in effect on January 1 of the then present year and the CPI in effect on Jan. 1, 1985. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of Six hundred forty three dollars (643.00) which sum shall be credited to the rental due for the first full month of the Lease term.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Six hundred forty three dollars ^(643.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that

nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all taxes levied or assessed on account of any property installed by or for Tenant in the

Premises, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property. Tenant shall pay to Landlord as additional rental within thirty (30) days after receipt of written statement from Landlord setting forth the amount thereof, the amount of all real estate taxes, or other forms of assessment, including license taxes, commercial rental taxes, levies, charges, penalties, or similar imposition, imposed by any authority having the direct power to tax, including any city, county, State or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Premises, for a period within the term hereof. Without limiting the generality of the foregoing, the aforementioned taxes and assessments shall include: any tax on Landlord's right to rents or other income from the Premises or as against Landlord's business of leasing the Premises; any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged that Proposition 13 was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants; and any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross receipts tax or excise tax levied by the State, city, or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof. Tenant shall bear any business tax imposed upon Landlord by the State of California or any political subdivision thereof which is based or measured in whole or in

part by amounts charged or received by the Landlord under this Lease, excluding State Franchise Taxes and Federal Income Taxes.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except _____. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives provisions of Civil Code §§1941 and 1942, and all other provisions of law, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a

part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any

governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other

than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord. Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the

event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

18. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to

Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

19. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and

with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(1) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (1) and (2) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (3) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease

in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Property Manager

To Tenant: _____

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise

encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

Landlord shall be permitted to withhold its consent to any proposed transfer in its sole and absolute discretion.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of

law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 51% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 51% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

28. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

29. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

30. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

31. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either

party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

32. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By WJC

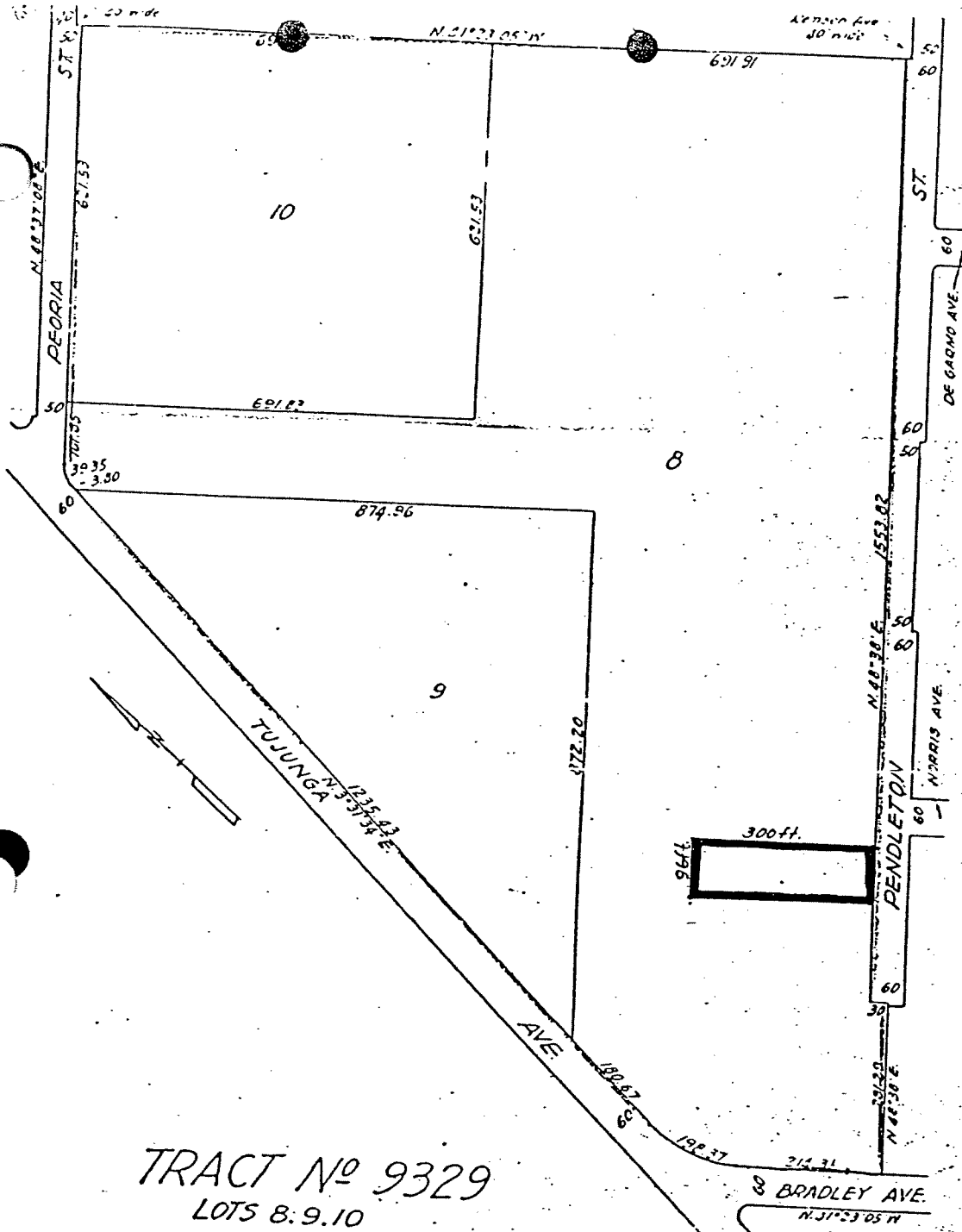
By _____

TENANT:

By Bassam M. Haddad

By Hussein M. Haddad

:g



TRACT No 9329
LOTS 8, 9, 10

This is not a survey of the land, but is compiled
for information only, nor is it a part of the report
or policy to which it may be attached.

SUBLEASE

This sublease made this 18 day of October, 1984, by and between NICK PAVICH, hereinafter referred to as "SUBLESSOR", and CROWN DISPOSAL CO., INC., a California Corporation, hereinafter referred to as "SUBLESSEE".

WITNESSETH:

SUBLESSOR and SUBLESSEE in consideration of their mutual covenants, agreements and promises hereinafter contained do hereby covenant and agree with each other jointly and severally as follows:

1. PROPERTY LEASED. That the SUBLESSOR in consideration of the covenants and agreements, hereinafter contained to be paid, kept and performed by the SUBLESSEE and upon the condition that each and all of the said covenants and agreements shall be duly kept and performed by the SUBLESSEE, does by these presents lease, demise and let unto SUBLESSEE a portion of those certain premises known as 11313 Pendleton Street, Sun Valley, City of Los Angeles, County of Los Angeles, State of California, described as follows: an area approximately 102 feet by 233 feet at the westerly side of the driveway and 253 feet at the westerly portion of the property more or less and the westerly 19 feet of the driveway to be used in common with SUBLESSOR and the other subtenants and the southerly approximate 61 feet by 90 feet to be used in common with sublessor or his tenants, for required customer parking and access to other portions of the premises occupied by sublessor or his tenants and for no other purposes, as is. Said property is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference--(that portion of the property to be occupied exclusively by SUBLESSEE is indicated by striping).

2. TERM. SUBLESSEE is to have and to hold the said premises thereunto, for a term or period of One (1) year commencing on the 1st day of October 1984, and terminating on the 30th day of September 1985. This sublease shall be subject to the underlying master lease and subleases held by SUBLESSOR on the subject premises. SUBLESSOR covenants that the within sublease contains all of the special conditions of the "Master Lease".

3. RENT. The total rent for the demised premises shall be SIXTEEN THOUSAND ONE HUNDRED TWENTY FIVE DOLLARS (\$16,125.00), payable in advance in monthly payments as follows: ONE THOUSAND TWO HUNDRED FIFTY DOLLARS (\$1250.00) each month

commencing October 1, 1984, and on the same date of each succeeding month until January 1, 1985, when the monthly rental payment shall be increased Ten (10%) per cent to \$1,375.00 and the same date of each succeeding month of the term of this sublease. In the event there is a holding over or the option granted herein is exercised the rental for the demised premises shall be increased by the sum of Ten (10%) per cent on each succeeding January 1, the premises are occupied by Sublessee without further notice on part of SUBLESSOR.

4. HOLDING OVER. In the event that SUBLESSEE, occupies the premises after the expiration of the term herein granted, then occupancy of the premises by SUBLESSEE shall be deemed to be on a month-to-month tenancy, subject to the terms, conditions and covenants of the within lease or options thereunder, terminable with either party giving at least thirty (30) days written notice to the other of its or their intention to terminate said tenancy.

5. CASH PAYMENT. SUBLESSEE hereby hands to SUBLESSORS the sum of \$2,625.00, \$1250.00 being for payment of the first month of the term herein and \$1375.00 being for security for the faithful performance of the terms, covenants and conditions of the within Sublease. If SUBLESSEE has faithfully performed all of the terms, conditions and covenants of this lease said sum shall be applied toward payment of the last months rental. Said security deposit shall bear no interest.

6. OPTION. SUBLESSEE as a further consideration for the execution of the within sublease and upon the condition that SUBLESSEE shall have complied with and performed each, all, and every of the terms, covenants, conditions and agreements of this lease on the SUBLESSEE'S part to be performed, SUBLESSOR does hereby grant to SUBLESSEE an option to renew or extend this lease for an additional period of one (1) year, commencing upon the termination of the term herein granted and upon the same terms, covenants and conditions as are provided in this sublease. SUBLESSEE shall give SUBLESSOR 90 days written notice of the exercise of this option.

7. HIRING. SUBLESSEE does hereby hire and take of and from said SUBLESSORS the said premises for the term, at the rental provided hereinabove and subject to the covenants, agreements and promises contained.

8. PAYMENT. SUBLESSEE covenants that it will pay the said rent reserved to the SUBLESSOR at the office of the SUBLESSOR, or such other place or places as may be designated from time to time by the SUBLESSOR, at the time and manner provided as aforesaid for the payment thereof without deduction

or delay; and that in the event of a failure of SUBLESSEE to so do, or in the event of a breach of any of the other covenant, or agreements herein contained on the part of SUBLESSEE to be kept and performed, it shall be lawful for the SUBLESSOR after giving to the SUBLESSEE three (3) days written notice of default, to re-enter into and upon the said premises and every part thereof, and to remove all persons and property therefrom and to repossess and enjoy the said premises. Any re-entry or repossession of the said premises by SUBLESSOR or any notice served in the connection therewith shall not operate to release the SUBLESSEE from any obligation under this lease except with the written consent of the SUBLESSOR. If SUBLESSEE shall be in default in the performance of any conditions, covenants or agreement herein contained or shall abandon or vacate the said premises, besides other remedies or rights LESSORS may have, it shall be optional that SUBLESSOR after giving said three (3) days notice of default, without further notice to enter and possess the premises as an agent of SUBLESSEE and for its account. Without limitation of any right to damages he may have upon default, of SUBLESSEE, SUBLESSOR may apply the security deposit paid herein to reduce any damages accruing hereunder.

9 . ASSIGNMENT. SUBLESSEE shall not transfer, assign, hypothecate, pledge or encumber this lease or any right or interest therein nor sublet the premises or any part thereof.

10. RIGHT TO OCCUPY. No corporation, firm or person other than SUBLESSEE shall have the right to occupy the premises or any part thereof by virtue of any bankruptcy or insolvency, assignment for the benefit of creditors, or reorganization proceedings or any receivership or other legal process, either under attachment, execution or otherwise or in any manner whatsoever growing out of any proceeding or suit in law or equity.

11. TRANSFER IN VIOLATION. Any transfer or assignment in violation of paragraphs 9 or 10 shall be null and void.

12. LIABILITY. SUBLESSEE agrees to protect SUBLESSOR and save it harmless, and will defend any actions and satisfy any judgments from any and all liability for any damage to any occupant of the leased premises, or to any other person, during the term of this lease, occasioned by their carelessness, negligence or improper conduct on the part of SUBLESSEE, or any other person, for any damage, loss or injury to the person, property or effects of SUBLESSEE, or any other person suffered on, in, or about the same, by reason of the construction of, or any present, future latent, or other defects in the form,

character or condition of the leased premises, or any part or portion thereof, or for lack of repair and SUBLESSEE agrees to hold SUBLESSOR harmless from and will defend any actions and satisfy any judgments on account of any and all losses, costs, damages, claims for damages, or other liability on account of such injury or damages. SUBLESSEE agrees to have SUBLESSOR named as an additional insured on its comprehensive liability insurance policy which shall at all times be adequate and which shall until further notice from SUBLESSOR to SUBLESSEE shall have limits of at least:

\$500,000 - property damage in any one occurrence;
\$500,000 - For death or injury to any one person
in any one occurrence;
\$1,000,000 - For death or injury to two or more
persons in any one occurrence.

SUBLESSEE shall obtain a commitment from its insurer that said liability policy will not be cancellable except upon ten (10) days written notice to SUBLESSOR. SUBLESSEE shall furnish SUBLESSOR with a Certificate of Liability Insurance.

13. SUBLESSOR'S NONLIABILITY FOR DAMAGE. SUBLESSOR shall not be liable for personal injury or property damage sustained by SUBLESSEE or others caused by conditions or activities on the premises leased herein. SUBLESSEE agrees to indemnify SUBLESSOR against any and all liability and loss arising therefrom.

14. WAIVER. SUBLESSOR AND SUBLESSEE each hereby waives any and all rights of recovery against the other or against the officers, employees, agents, and representatives of such other parties for loss of or damage to such waiving party or its property or the property of others under its control arising from any cause insured against under the standard form of fire insurance policy with all permissible extension endorsements covering additional perils under such other policy of insurance carried by such waiving party in lieu thereof.

15. USE OF PREMISES. SUBLESSEE shall not use the premises nor permit or suffer the same to be used for any unlawful purposes and shall maintain the same so as to conform with all applicable City, County and State statutes, ordinances, laws, rules and regulations at their own cost and expense and shall not do or permit any act which will void, suspend or increase insurance premiums or policies covering the premises.

16. MAINTENANCE OF PREMISES. SUBLESSEE will not commit or suffer to be committed any waste upon said premises. SUBLESSEE will at its sole cost and expense keep and maintain the interior and exterior of said premises and every part thereof in

satisfactory order and repair, including but not limited to the roof, exterior walls, plumbing, electrical, windows, sewer and water lines and fences. It is understood and agreed that the leased premises have been used as a land fill and that the SUBLESSOR shall not be liable to SUBLESSEE on account of any subsidence of the Premises. SUBLESSEE agrees to keep the Leased Premises graded and in such condition that rain water will drain naturally and large ponding will not occur.

17. WAIVER BY SUBLESSEE. SUBLESSEE hereby waives its rights as provided in Sections 1941 and 1942 of the Civil Code of the State of California. It is specifically agreed that the parties hereto are bound by the terms of this agreement rather than by said sections of the Civil Code of the State of California.

18. UTILITIES. SUBLESSEE shall pay for all charges for water, gas, electricity and other utilities which SUBLESSEE will use. All such charges shall be paid before delinquency and SUBLESSOR and said premises shall be protected and held harmless by SUBLESSEE therefrom.

19. CONDITION OF PREMISES. SUBLESSEE acknowledges that the said premises and every part thereof including the plumbing and electrical system are at the date hereof in good order, condition and repair. SUBLESSEE further acknowledges that the said premises are fit for the purposes leased.

20. SIGNS; EXTERIOR LIGHTING AND FIXTURES. Prior consent of SUBLESSOR shall be obtained prior to erection of any sign in writing. SUBLESSEE shall obtain all necessary permits from the appropriate governmental agency. Any signs erected or placed in or on the premises by SUBLESSEE may be removed by it at any time during the term or upon the expiration or sooner termination of this lease and, on the written request of SUBLESSOR, must be so removed upon such expiration or termination. All damage caused by the erection, maintenance or removal of any and all such signs shall be fully repaired at the cost and expense of SUBLESSEE.

21. ALTERATIONS. SUBLESSEE will not make or suffer any alterations (including grading and filling) to be made to the demised premises or any part thereof without the written consent of SUBLESSOR first had and received. Any additions to or alterations which shall be at the sole cost of SUBLESSEE of the said premises, except movable furniture and trade fixtures shall become at once a part of the realty and belong to SUBLESSOR. SUBLESSEE further covenants that upon the

starting of any repairs, alterations or additions to the subject premises which may result in liability for Mechanics Liens that it will upon the starting of said work give written notice to SUBLESSOR of said fact.

22. ABANDONMENT. SUBLESSEE shall not, without first obtaining consent of SUBLESSOR, abandon the premises, or allow the premises to become vacant or deserted.

23. RIGHT OF INSPECTION. That the SUBLESSEE will permit SUBLESSOR and their agents to enter into and upon said premises for the purpose of inspecting the same, or in the event of default for the purpose of repossessing said premises or for the purpose of asking repairs, alterations or additions to any portions of said building without any rebate of rent to SUBLESSEE for any loss of occupancy or quiet enjoyment of the premises thereby occasioned; and will permit SUBLESSORS at any time after one hundred eighty (180) days prior to the expiration of this lease to place upon said premises any ordinary "To Let", "For Rent" or "To Lease" signs and will permit SUBLESSOR and their agents to enter into and show said to prospective tenants without any rebate of rent to SUBLESSEE for any loss of occupancy or quiet enjoyment of the premises thereby occasioned. SUBLESSEE will permit SUBLESSOR or their agents upon any default or violation under this lease by SUBLESSEE, to remove any sign or signs on said premises and substitute therefor any sign or signs which SUBLESSOR may deem advisable.

24. SURRENDER OF PREMISES. That on the last day of said term or sooner termination of this lease, SUBLESSEE will peaceably and quietly leave, surrender, yield up to SUBLESSOR all and singular the said premises, with the said appurtenances and fixtures, in good order, condition and repair, damage by acts of God and reasonable wear excepted. If SUBLESSEE does not clean the premises before surrendering the same, SUBLESSOR may do so and in that event SUBLESSEE agrees to pay SUBLESSOR for the cost of cleaning the same.

25. PARTIAL DESTRUCTION OF PREMISES. That in the event of a partial destruction of said premises during the said term, from any cause, damage by war, riot and insurrection excepted, SUBLESSOR shall forthwith repair the same, provided such repairs can be made within Ninety (90) days under regulations of Federal, State, County or Municipal authorities, but such partial destruction shall in no way null or void this lease, except that SUBLESSEE shall be entitled to a proportionate deduction of rent while such repairs are being made, such proportionate deductions to be based upon the extent to which the making of such repairs shall interfere with the business carried on by SUBLESSEE in said premises, but in no

event to be more than the amount of the monthly rental. In the event that SUBLESSOR does not make such repairs in Ninety (90) days or such repairs cannot be made under such regulations, this lease may be terminated at the option of either party. In respect to any parts of destruction SUBLESSOR is obligated to repair or may elect to repair under the terms of this paragraph the provisions of Section 1932, Sub-division 2 and Section 1933, Sub-division 4 of the Civil Code of the State of California is waived by SUBLESSEE. A total destruction of the building in which said premises are situated shall terminate this lease.

26. EFFECT OF WAIVER. The waiver by SUBLESSOR of any breach of any term, covenant or condition, herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by SUBLESSOR shall not be deemed to be a waiver of any prior occurring breach by SUBLESSEE of any term, covenant or condition regardless of SUBLESSOR's knowledge of such prior existing breach at the time of acceptance of such rent.

27. QUIET ENJOYMENT. SUBLESSOR do hereby covenant and agree with SUBLESSEE that SUBLESSEE, keeping and performing of the covenants and agreements herein contained on the part of SUBLESSEE to be kept and performed, shall at all times during said term peacefully and quietly have, hold and enjoy the said premises without suit, trouble or hindrance from SUBLESSOR.

28. TAKING BY EMINENT DOMAIN. If the entire leased premises or so much thereof as to render the balance inadequate for the operation of SUBLESSEE'S business shall be taken under the power of eminent domain, this lease shall terminate as of the date of possession is taken by the condemning authority and all pre-paid rental given by SUBLESSEE to SUBLESSOR shall thereupon forthwith be returned to SUBLESSEE. In the event there shall be a taking under the power of eminent domain of that portion of the leased premises between the present curb line of the street in front of said premises and the building which is a part of said premises, this lease shall nevertheless remain in full force and effect.

Any damages awarded for such taking shall belong to SUBLESSORS whether such damages are awarded as compensation for diminution in the value of the leasehold or for the fee, provided, however, that SUBLESSOR shall not be entitled to share in any award made to SUBLESSEE for loss of or damage to SUBLESSEE'S business or for interruption thereof. In the event there shall be a taking by eminent domain of any portion of the building which is part of the leased premises, either SUBLESSOR

or SUBLESSEE shall have the option to terminate this lease or to continue the same at a rental proportionate to the amount of the premises remaining and in such event, SUBLESSORS will at their own expense repair such damages as said condemnation shall have occasioned. In the event that either SUBLESSOR or SUBLESSEE shall cease occupancy as of the date upon which possession is taken by the condemning authority and SUBLESSOR will refund to SUBLESSEE any rents or security deposits held by SUBLESSOR hereunder. All damages awarded for such taking under said power of eminent domain shall belong to SUBLESSOR, save such damages as are awarded as and for compensation for loss or damage to SUBLESSEE'S trade fixtures, personal property or for damages or interference with SUBLESSEE'S business.

29. FILING OF MECHANIC'S LIEN. SUBLESSEE expressly agrees to keep and hold said premises and SUBLESSOR free, clear and harmless of and from any Mechanic's Lien or other liens or charges that might or could arise by reason of any acts of SUBLESSEE, for which SUBLESSEE is liable. If the same is not discharged within (15) days from recordation, SUBLESSOR may upon the giving of a three (3) day notice terminate this lease as per the provisions of paragraph 7 supra. Said failure to discharge any Mechanic's Lien shall not operate as a default if within fifteen (15) days subsequent to the recordation of a Mechanic's Lien, SUBLESSEE deposits said sum claimed in an escrow acceptable to SUBLESSOR, with instructions to pay said lien upon judgment of a Court having jurisdiction in the matter, to the Mechanic's Lien holder. SUBLESSEE agrees to defend SUBLESSOR at its sole cost and expense and hold SUBLESSOR harmless from all said Mechanic's Liens and judgments to foreclose Mechanic's Liens.

30. USE OF PREMISE BY SUBLESSEE. During the term of this lease or any extension thereof, SUBLESSEE shall use the demised premises for the operation of a Storage Yard for Trash Bin storage and related activities thereto and for no other purpose without the written consent of SUBLESSOR. Said bins shall be stored in such a manner as not to constitute a nuisance, health hazard, harborage or habitat for insects, rodents or other vermin.

31. ATTORNEY'S FEES. In the event either party hereto shall employ an attorney or bring suit to enforce any of their rights, terms, conditions or covenants of the within lease, in addition to their claim, the prevailing party shall receive reasonable attorney's fees as determined by the Court and costs of suit.

32. DAMAGE TO PREMISES. All damage or injury to the demised premises by SUBLESSEE or by any person who may be in or upon the premises with the consent of SUBLESSEE, shall be

repaired at the sole cost and expense of SUBLESSEE.

33. NOTICES. All rents or notices hereinabove required shall be sent to SUBLESSOR at 5556 Vineland Avenue , North Hollywood, California 91601, or at such other place as may be designated by SUBLESSOR. All notices herein required shall be sent to SUBLESSEE at Post Office Box 1081, Sun Valley, Ca 91352.

34. CONSTRUCTION AND EFFECT. The article headings herein used are only for the purpose of convenience and shall not be deemed to limit the subject of the articles hereof or to be considered in the construction thereof. This lease and each and all of the covenants, conditions and restrictions and terms hereof subject to the provisions as to assignment, subletting encumbrancing, shall apply to and bind the heirs, executors, administrators, assignees, successors and sub-tenants of the parties hereto. If SUBLESSEE consists of more than one person, the covenants and obligations of SUBLESSEE shall be the joint and several covenants and obligations of such persons. In this lease the masculine gender includes the plural whenever the contents so require. Should any part, clause, provision or condition of this sublease be held to be void, invalid or inoperative, then such validity shall not affect any other clause, provision or condition hereof; but the remainder of the sublease shall be effective as though such clause, provision or condition had not been contained herein. Time is of the essence herein.


IN WITNESS WHEREOF, the parties hereto have set their hands and seals in agreement the day and year first above written.

SUBLESSOR:

SUBLESSEE:

CROWN DISPOSAL CO., INC.

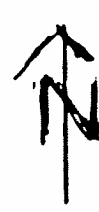
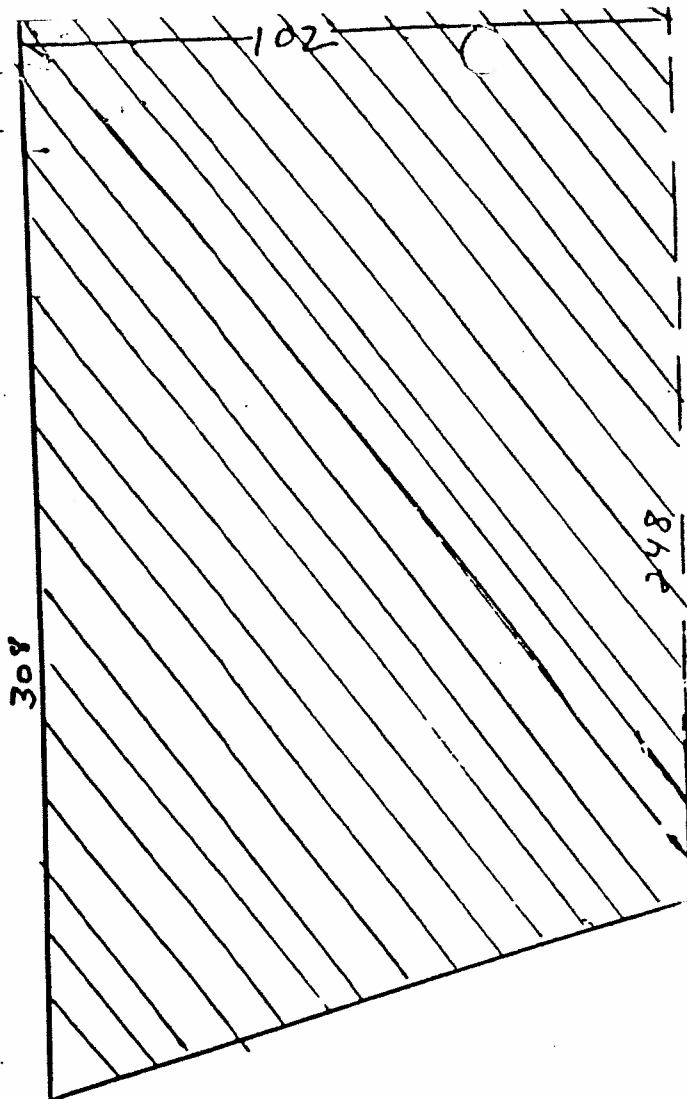

Nick Pavich

by 
Thomas Fry, as President and
individually

SUBLEASE of the within premises approved:

California Portland Cement Company, LESSOR,
a California Corporation.

by 



11313 Pendleton Street

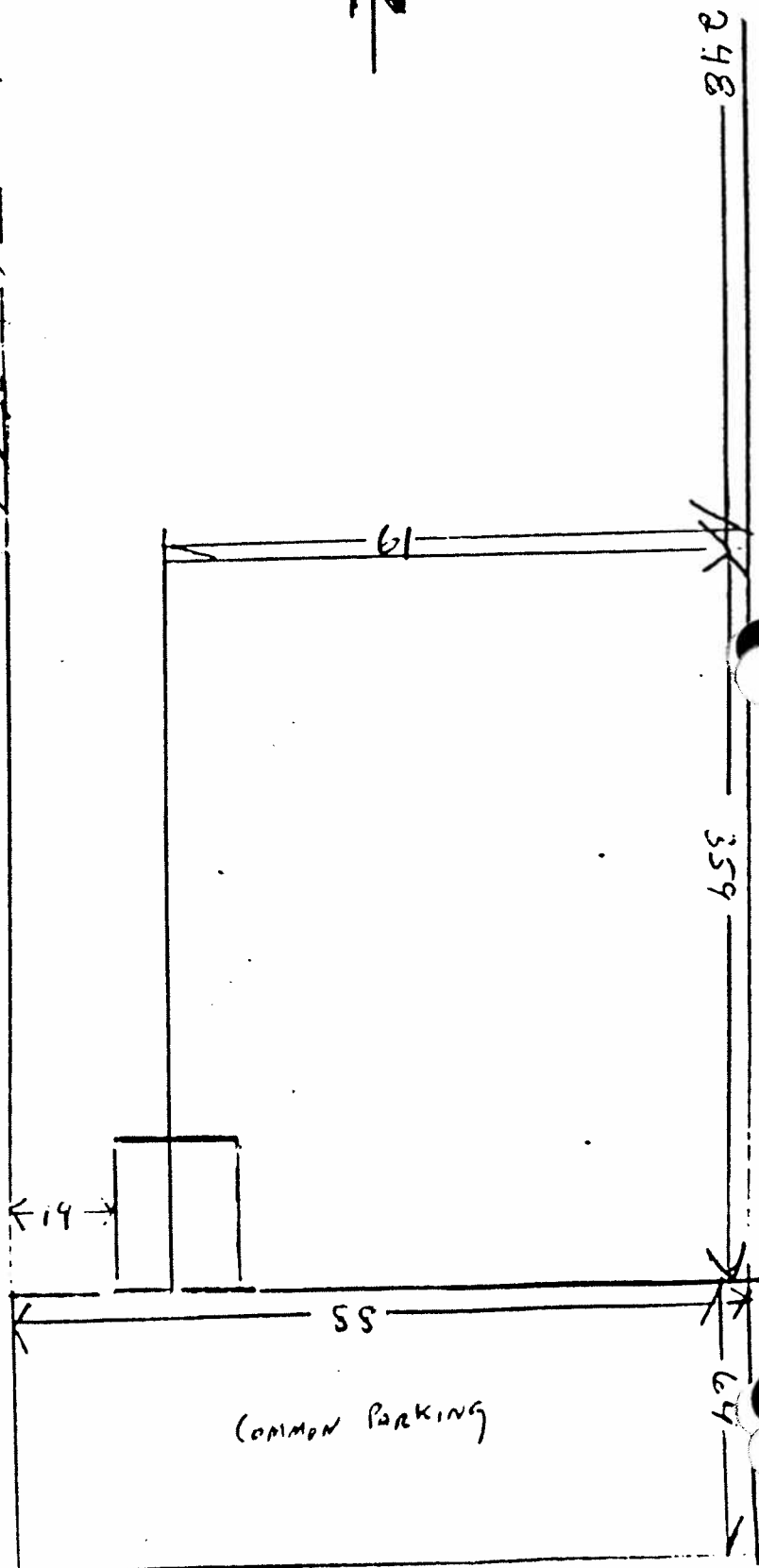


EXHIBIT "A"

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 21 day of NOV, 1984, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and ELITE AUTO PARTS COMPANY, INC. (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

2. Term. The term of this Lease shall be year to year commencing on November 1, 1984, subject to early termination as hereinafter provided. COMMENCING AUGUST 1, 1985, THIS LEASE MAY BE TERMINATED BY EITHER LANDLORD OR TENANT UPON ONE HUNDRED TWENTY (120) DAYS' WRITTEN NOTICE TO THE OTHER PARTY.

3. Rental. Tenant agrees to pay Landlord a rental of One Thousand Five Hundred Dollars (\$1,500.00) per month, and at such rate as adjusted in accordance with the provisions of ¶4, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rate provided for in ¶3 herein, shall be adjusted upward on November 1, 1985 and annually thereafter on November 1 (during the term hereof or any extension thereof), in the same proportion as the proportional difference between the "Consumer Price Index for Urban Wage Earners and Clerical Workers, all items (Los Angeles-Long Beach-Anaheim Area)", published by the United States Department of Labor, Bureau of Labor Statistics (CPI) in effect on November 1 of the then present year and the CPI in effect on November 1, 1984, provided however each such adjustment shall not exceed 6% per year. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fifteen Hundred Dollars (\$1,500.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs,

expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

6. Improvements to the Premises. Tenant leases the Premises, and the improvements thereon if any, in an "as is" condition. Tenant shall erect a chain link type fence acceptable to Landlord along the boundary of the Premises; approval for this fence is hereby granted. The reasonable cost of such fence shall be credited against rent due for the month of November, 1984, up to a limit of \$1,500.00. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it except that Tenant may remove fencing erected along the boundary of the Premises, and upon expiration or termination of this Lease, title to all improvements shall

forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

7. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all taxes levied or assessed on account of any property installed by or for Tenant in the Premises, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

8. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except as an automobile salvage yard. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

9. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements

whatsoever in or to the Premises. Tenant waives provisions of law, including Civil Code §§1941 and 1942 and all other provisions of law, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

Without limiting the foregoing, in the event Tenant fails to remove its personal property upon expiration or termination as required herein, Landlord may, in its sole and absolute discretion, without notice to Tenant, remove Tenant's personal property from the Premises and store same upon any site chosen by Landlord, and Tenant shall immediately upon demand pay to Landlord all costs of such removal and storage. The preceding shall in no way limit the damages recoverable by Landlord from Tenant in the event of a breach by Tenant of any provision of this Lease.

10. Liquidated Damages. TENANT ACKNOWLEDGES THAT TENANT'S FAILURE TO VACATE THE PREMISES UPON EXPIRATION OR TERMINATION OF THIS LEASE, OR TENANT'S FAILURE TO COMPLY WITH THE PROVISIONS OF THIS LEASE REGARDING REMOVAL OF IMPROVEMENTS,

PERSONAL PROPERTY, RUBBISH, AND DEBRIS UPON EXPIRATION OR TERMINATION OF THIS LEASE, OR BOTH (HEREINAFTER COLLECTIVELY REFERED TO AS "DEFAULT UPON TERMINATION OR EXPIRATION"), WILL CAUSE LANDLORD TO INCUR DAMAGES NOT CONTEMPLATED BY THIS LEASE, THE EXACT AMOUNT OF SUCH DAMAGES BEING EXTREMELY DIFFICULT AND IMPRACTICAL TO FIX. THEREFORE, IN THE EVENT OF A DEFAULT UPON TERMATION OR EXPIRATION, AS DEFINED ABOVE, TENANT AGREES THAT TENANT SHALL PAY TO LANDLORD AS LIQUIDATED DAMAGES, AND NOT AS A PENALTY, THE SUM OF FIVE HUNDRED DOLLARS (\$500.00) PER DAY FOR EACH DAY A DEFAULT UPON EXPIRATION OR TERMINATION EXISTS. THE PARTIES AGREE THAT THIS LIQUIDATED SUM REPRESENTS A FAIR AND REASONABLE ESTIMATE OF THE DAMAGE THAT LANDLORD WILL INCUR BY REASON OF SAID DEFAULT BY TENANT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE SUM TO THE RANGE OF HARM TO LANDLORD THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGE WOULD BE COSTLY OR INCONVENIENT. IN PLACING THEIR INITIALS IN THE PLACES PROVIDED, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE.

Landlord	Tenant
Initial here: <u>LB</u>	Initial here: <u>J.D.</u>

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute

discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or

contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such

consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord

against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

18. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord

(which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

19. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, clean up and remove from the Premises all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(1) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the

time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (1) and (2) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (3) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such

holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Property Manager

To Tenant: Elite Auto Parts Company, Inc.
9944 Glenoaks Blvd.
Sun Valley, CA

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers.

Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

Landlord shall be permitted to withhold its consent to any proposed transfer in its sole and absolute discretion.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 51% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 51% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord

may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

28. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed,

maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

29. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

30. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

31. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

32. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease,

immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By

Allen R. Block
Vice Pres

By

Brian W. Lewis
Asst. Sec.

TENANT:

ELITE AUTO PARTS COMPANY, INC.

By

Jeff Smith

By



COUNCIL DIST 1		Area	
Job Address 3200 SAN FERNANDO RD. LA CA. 90065		Operator's Name JACK BERGHOUPIAN	
Zone M3-16		City and State SUN VALLEY CA. 91352	
Lot 8	Block 9329	Tract 11315 - 61 PENDLETON ST.	

ORDER TO COMPLY WITH ZONING REQUIREMENTS

Pursuant to Section 12.26-F of the Los Angeles Municipal Code, an inspection has been conducted of the Automobile Dismantling Yard, Scrap Metal Processing Yard, or Junk Yard located at the above listed job address. The conditions represented by the items checked below are violations of the Los Angeles Municipal Code. You are therefore ordered to secure all required permits and complete the necessary work to bring these conditions into compliance with the Code within 30 days from the mailing date appearing on this notice.

Reason For Inspection

Mailing Date

☒ Annual Inspection☒ Repeat Violation

July 26, 1985

☒ Complaint or Referral

- The use is not being conducted wholly within an area completely enclosed with a solid wall or fence at least eight feet in height with necessary solid gates of like height. Provide and maintain the required enclosure.
 _____ M2 Zone — Section 12.19-A, 4 (b) (2), 12.23-C, 6 (a), 12.21-A, 9 L.A.M.C.
 _____ M3 Zone — Section 12.20-A, 6 (b) (1), 12.23-C, 6 (b), 12.21-A, 9 L.A.M.C.
- Material is being stored or stacked to a height greater than the height of the enclosure. Reduce the height of the storage or stacking of materials to the following:
 _____ M2 Zone — Reduce and maintain the height of the storage or stacking to a height no greater than the height of the enclosure. Section 12.19-A, 4 (b) (3)
 _____ M3 Zone — Reduce and maintain the height of the storage or stacking to a height no greater than the height of the enclosing walls or fences in the area within 50 feet of an eight-foot high enclosure or within 37 feet of a ten foot high enclosure. Section 12.20-A, 6 (b) (2) L.A.M.C.
- The enclosing walls or fences are not being maintained or have been damaged and are in need of repair. Repair any deteriorated or damaged walls or fences to a straight, uniform and structurally sound condition. All repairs shall blend in with said walls or fence and be compatible therewith in color and material. Section 12.21-A, 9 L.A.M.C.
- The enclosing walls or fences have deteriorated and weathered. Paint, stain or seal the enclosing walls or fences to prevent further weathering and deterioration. Section 12.21-A, 9 L.A.M.C.
- Material or automobiles to be dismantled or parts thereof are being stored outside the enclosure. Remove all material, automobiles and parts from the area outside of the enclosure. Sections 12.19-A-4 (b) (2), 12.20-A, 6 (b) (1) L.A.M.C.
- The required off-street paved parking area has not been provided and maintained. Provide _____ paved parking spaces 8' 4" in width and 18 feet in length with necessary driveways.
 _____ M2 Zone — Sections 12.19-A, 4 (b) (4), 12.21-A, 5 (f), 12.21-A, 6 (c) L.A.M.C.
 _____ M3 Zone — Sections 12.20-A, 6 (b) (3), 12.21-A, 5 (f), 12.21-A, 6 (c) L.A.M.C.
- The required landscaping has not been provided and maintained. Provide and maintain the required landscaping a minimum of two feet measured at a right angle from the adjacent street to the required enclosure and extending the full length of the property where contiguous to the street except for areas necessary for ingress and egress.
 _____ M2 Zone — Section 12.19-A, 4 (b) (5) L.A.M.C.
 _____ M3 Zone — Section 12.20-A, 6 (b) (4) L.A.M.C.
- Other: _____

The compliance date to make corrections as specified in this notice, may be extended for a period "not" to exceed 45 days if the owner or operator of the yard presents satisfactory written evidence to the Superintendent of Building that unusual difficulties prevent substantial compliance without such extension.

No extension of time with this notice may be granted where the notice is issued as a result of a repeat violation within one year of a prior notice that caused a Certificate of Occupancy Revocation Proceedings to begin.

"WARNING" — FAILURE TO COMPLY — CONSEQUENCES

Failure to comply within the time shown on this Notice or any authorized written extension will lead to an automatic commencement of a Certificate of Occupancy revocation proceedings as provided for in Section 12.26-F, 6. Proceedings will involve a revocation hearing, and may be terminated if the violations are corrected and a fine paid as required by the Los Angeles Municipal Code. Said fine is \$250.00 for each of the following violations: 1. Fencing in disrepair; 2. Vehicles or other material are stacked or piled to a height exceeding the standards specified in the Municipal Code; 3. Storage of vehicles or other materials outside the required fence surrounding the yard; 4. Failure to maintain the required minimum number of parking spaces; and 5. Dismantling, repairing, wrecking, modifying, processing, stripping, or otherwise working on any vehicles or other materials outside of the required fence.

A fine of \$100 per violation shall be levied as to all other violations of the provisions of the Municipal Code.

Note: The violations cited on this notice are not appealable to the Board of Building and Safety Commissioners. Section 12.26-F, 12 L.A.M.C.

For consultation regarding this order or to assist you in securing a permit, the inspector whose name appears on this sheet may be personally contacted or reached by telephone between the hours of 7:30 and 9:00 a.m., Monday through Friday, in Room 425 of the Los Angeles City Hall, 200 North Spring Street.

Inspector R. REEDY	TELEPHONE NO. 485-5622	SURVEY DATE 7-25-85
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PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT ("Agreement"), is made this 12TH day of SEPTEMBER, 1988 by and between CALMAT LAND CO., a California corporation ("Seller"), and PICK YOUR PART AUTO WRECKING, a California corporation ("Buyer").

Recitals

A. Seller is the owner of certain real property in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 44.53 acres of land known as APN No. 2538-010-006 as more particularly described by Exhibit "A" attached hereto and incorporated herein (hereinafter referred to as the "Property").

B. Seller desires to sell and Buyer desires to purchase the Property for the consideration and on the other terms and conditions hereinafter set forth.

Agreement

1. Purchase and Sale. Seller agrees to sell, convey and deliver to Buyer and Buyer agrees to purchase and accept from Seller, the Property, on the terms and conditions contained herein.

2. Purchase Price. The purchase price for the Property is Nine Million Six Hundred Sixty-Four Thousand One Hundred Forty-Four Dollars (\$9,664,144.00), which shall be paid as follows:

(a) Deposit by Buyer into escrow upon opening of escrow of \$25,000.00 by check payable to escrow holder, as a deposit to be applied to the purchase price at the close of escrow.

(b) Buyer's promissory note in favor of Seller for the principal sum of Seven Million Six Hundred Eighty-Four

Thousand One Hundred Forty-Four Dollars (\$7,684,144.00) in the form attached hereto as Exhibit "B;" said note to be secured by a first Deed of Trust on the Property in the form attached hereto as Exhibit "C;" performance on said note, Deed of Trust and this Agreement to be personally guaranteed by Glenn C. McElroy in the forms attached hereto as Exhibit "E" (Exhibit "D" is intentionally omitted).

(c) At least one (1) business day before close of escrow Buyer shall have on deposit in escrow, in funds available for collection, the balance of the purchase price.

3. Escrow. Within five (5) working days after Buyer's delivery to Seller of three (3) copies of this Agreement executed by Buyer, Buyer and Seller shall open an escrow at Chicago Title Insurance Company, in order to consummate the purchase and sale of the Property. A fully executed copy (or counterpart executed copies) of this Agreement and any amendments thereto shall be deposited with the escrow holder and shall be considered as the instructions of the parties as to the terms and conditions of the escrow. Escrow holder's "General Provisions" of escrow are hereby incorporated by reference. In the event of a conflict between this Agreement and the General Provisions, the terms of this Agreement shall prevail. The escrow shall close on or before September 16, 1988.

4. Costs and Prorations. The cost of a CLTA title insurance policy as hereafter described shall be paid by Seller. The escrow fee of escrow holder shall be borne one-half by Seller and one-half by Buyer. Seller shall pay all documentary transfer taxes payable in connection with the recordation of the Grant Deed. Buyer and Seller shall pay, respectively, the escrow holder's customary charges to Buyer and Seller for document drafting, recording and miscellaneous charges.

5. Election to Exchange. Buyer agrees to accommodate Seller in effecting a tax deferred exchange under Internal Revenue Code §1031. Seller shall have the right, expressly reserved here, to elect a tax deferred exchange at any time before the closing date set forth herein (including, without

limiting the foregoing, Seller's right to substitute another party as Seller hereunder and/or to exchange the Property for unspecified property); provided however Seller and Buyer hereby acknowledge and agree that consummation of the sale herein shall not be predicated or conditioned on an exchange or exchanges, and, without in any way limiting the foregoing, the closing of escrow as provided herein shall not be contingent, delayed or otherwise subject to the closing of any other escrow.

If Seller elects to effect a tax deferred exchange, Buyer shall promptly execute all amendments to this Agreement, escrow instructions pertaining to the exchange transaction and all other documents as may be necessary to carry out such an exchange; provided however that Buyer shall have the right to approve any and all such documents (which approval shall not be unreasonably withheld).

Buyer shall not be obligated to incur any greater cost or expense due to Seller's exchange than would have been the case in a purchase as otherwise specified in this Agreement.

6. Tests and Studies. Buyer, Buyer's representatives, or authorized agents may enter on the Property to make soil tests or other studies of Property, provided however that, (a) Buyer shall pay for all such tests and studies, and (b) Buyer shall keep the Property free and clear of any liens, and (c) Buyer shall repair all damage to the Property, and (d) Buyer shall indemnify and hold Seller harmless from and against any and all liabilities, claims, demands, damages or costs of any kind whatsoever (including attorneys fees) arising from or in connection with such entry or the tests and studies. Seller will provide Buyer with information in its possession regarding Seller's prior use of the Property.

7. Title Condition and Deed.

(a) Seller shall promptly upon execution of this Agreement order and have delivered to Buyer a preliminary title report ("Report") from Chicago Title Insurance Company covering the Property. Buyer shall have ten (10) days after its receipt of the Report to deliver to Seller in writing any objections to

the condition of title as set forth therein, provided however Buyer shall not object to:

- (i) A lien to secure payment of real estate taxes, not delinquent; and
- (ii) Matters affecting the condition of title suffered or created by, or with the written consent of, Buyer.

Failure of Buyer to object, by notice to Seller in writing, to any exception shown in the Report within said ten (10) day period shall be conclusively deemed Buyer's approval of the Report.

(b) If Buyer objects to any exception, Seller may, at its election, have until the date set forth herein for the close of escrow to remove or otherwise correct any such exception, in which event Buyer shall be deemed to approve the Report subject to such removal or remedy.

(c) If Seller elects not to remove or correct or fails to remove or correct all exceptions to which Buyer has objected by the date specified herein for close of escrow, Buyer shall elect to either: 1) terminate this Agreement without any liability to either party, or 2) accept the Property without reduction of the purchase price and without any liability to Seller. If Buyer elects to terminate this Agreement due to the failure of Seller to remove or correct a disapproved exception, escrow holder shall return to Buyer any sums which have been deposited by Buyer, less title and escrow charges.

(d) At close of escrow Seller shall convey the Property to Buyer by Grant Deed, subject to all matters and restrictions of record. Title shall be evidenced by the willingness of Chicago Title Insurance Company or other reputable title insurance company to issue its CLTA owner's form policy of title insurance in the amount of the purchase price showing title vested in Buyer subject to the exceptions as shown on the Report approved by Buyer. If no reputable title insurance company is willing to issue such policy, all obligations of the parties hereunder shall terminate without liability to either party and

the escrow holder shall return to Buyer any sums which have been deposited by Buyer.

At the close of escrow Seller shall provide Buyer with a standard CLTA policy of title insurance issued by a reputable title insurance company in an amount equal to the purchase price insuring Buyer that the title so conveyed to Buyer is in such condition.

8. Leases Effecting the Property. Seller shall, at least ten (10) days prior to close of escrow, deliver to Buyer for Buyer's approval true copies of all leases and amendments effecting the Property. Seller shall deposit into escrow before close of escrow estoppel certificates and an assignment of each lease effecting the Property, in a form approved by Buyer. Escrow holder shall deliver to Buyer upon closing of escrow all such certificates and assignments.

9. Easements. Upon close of escrow an easement in the form attached hereto as Exhibit "F" shall be recorded as a burden to the Property.

10. Condition of Property. Buyer acknowledges that Buyer has occupied much of the Property for a considerable length of time prior to close of escrow, and that Buyer possesses knowledge superior to that of Seller with respect to the condition of all of the Property. Buyer acknowledges that it is aware of the uses which have been made of the Property, which include but are not limited to landfill and auto wrecking. In addition to Buyer's specific knowledge of the Property, Buyer acknowledges that Buyer is familiar with this type of real property and these uses. Buyer further acknowledges that Buyer is purchasing the Property "as is" solely in reliance on Buyer's own investigation, and that no representations or warranties of any kind whatsoever, express or implied, including but not limited to matters of an environmental nature, contamination, site, physical and soil conditions, have been made by Seller, or Seller's agents or brokers. Buyer further acknowledges that as of the close of escrow Buyer will be aware of all zoning regulations, other governmental requirements, matters of an

environmental nature, contamination, site, physical and soil conditions, and all other matters affecting the use and condition of the Property, and Buyer agrees to purchase the Property in the condition that it is in at close of escrow. Buyer agrees that as a continuing obligation surviving the close of escrow and the conveyance of the Grant Deed it shall from and after the close of escrow indemnify and hold Seller's Releasees (as hereinafter defined) harmless from and against all claims, damages and liability, foreseen and unforeseen, including reasonable attorneys' fees, arising from or related to any condition of, on, under or pertaining to the Property, irrespective of whether it is contended or established that such condition existed or was created before, on, or after close of escrow. Seller's Releasees shall be Seller and the successor and assigns of Seller, the officers, directors, agents, employees, stockholders and attorneys of Seller and its successors and assigns, and the parents, subsidiaries and affiliated companies of Seller and its successors and assigns, and the officers, directors, agents, employees, stockholders, and attorneys of each such parent, subsidiary and affiliated company, and each of them. Without limiting the foregoing, from and after execution of this Agreement, the foregoing provisions of this Agreement shall continue to be effective with respect to each Seller's Releasee irrespective of whether such Seller's Releasee has purported to assign or otherwise dispose of its interest or any portion of its interest, under this Agreement, or in the Property.

11. Seller's Representations. The foregoing notwithstanding, Seller represents that:

(a) This Agreement when executed by Seller shall be duly executed by duly authorized officers or agents of Seller and shall constitute a valid, binding and enforceable obligation;

(b) Except as disclosed by Seller to Buyer prior to close of escrow, Seller has not received and is not aware of any notification from the Department of Building and Safety, Health Department, or other such city, county, State or federal authority having jurisdiction requiring any work to be done on or

affecting the Property or indicating an attempt to condemn the Property or any portion thereof; in the event any such notice or notices are received by Seller prior to the close of escrow and Seller is unable to or does not elect to perform the work required in said notices at Seller's sole cost and expense on or before the close of escrow, said notices shall be submitted to Buyer for its examination and written approval; in the event Buyer does not notify Seller and escrow holder of its approval of any such notice within ten (10) days after receipt thereof, or before the date scheduled for close of escrow, whichever occurs first, this escrow shall terminate and escrow holder shall return to Buyer any sums which have been deposited by Buyer, less title and escrow charges.

12. Buyer's Representations. Buyer represents that this Agreement has been duly executed by duly authorized officers of Buyer and constitutes a valid, binding and enforceable obligation.

13. Possession, Risk of Loss. In the event the improvements on the Property are destroyed or materially damaged between the date hereof and the close of escrow, Buyer shall accept the Property in its damaged condition, and all proceeds of insurance payable to Seller by reason of such damage shall, after close of escrow, be paid to Buyer. Possession of the Property shall be given to Buyer at the close of escrow. All risk of loss or damage with respect to the Property shall pass from Seller to Buyer at the close of escrow.

14. Brokerage Commissions. Buyer and Seller hereby acknowledge and represent that there are no broker's commissions or finder's fees due in connection with this transaction. Buyer and Seller shall each hold harmless and indemnify the other from any claims of brokers, agents or finders, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party with respect to the transaction contemplated hereunder.

15. Liquidated Damages. IF BUYER FAILS TO COMPLETE THE TRANSACTION IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT

THE PARTIES AGREE THAT SELLER SHALL RETAIN FROM BUYER'S DEPOSIT AS LIQUIDATED DAMAGES THE SUM OF \$25,000.00, WHICH SUM THE PARTIES AGREE IS A REASONABLE SUM CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE SUM TO THE RANGE OF HARM TO SELLER THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. IN PLACING THEIR INITIALS AT THE PLACES PROVIDED, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE.

Seller

Buyer

Initial here: MS

Initial here: SM

16. Prorations. All current and non-delinquent installments of real property taxes, personal property taxes and assessments on the Property, rentals, premiums on insurance assumed by Buyer, and operating expenses, if any, shall be prorated through escrow as of the closing on the basis of a thirty (30) day month.

17. Attorneys' Fees. Should any party hereto institute any action or proceeding to enforce any provision hereof by reason of the alleged breach of this Agreement, the prevailing party shall be entitled to receive from the losing party such amount as the court may adjudge to be reasonable attorneys' fees for services rendered to the prevailing party.

18. Conflicts. In the event of a conflict between the provisions of this Agreement and the provisions of any other documents executed or purported to be executed between the parties prior to the date hereof, the provisions contained in this Agreement shall in all instances govern and prevail.

19. Disbursements and Other Actions by Escrow Holder. Upon the close of escrow, the Escrow Holder shall perform the following in the manner hereinbelow indicated:

(a) Disburse to Seller all funds deposited with escrow holder by Buyer in payment of the purchase price for the Property after deducting therefrom all items chargeable to the account of Seller pursuant to this Agreement.

(b) Cause the Grant Deed, Deed of Trust, Easements and any other documents which the parties hereto may mutually direct to be recorded in the Official Records of Los Angeles County.

20. Notices. All notices, demands, requests and notices under this Agreement by either party shall be hand delivered or sent by United States mail, registered or certified postage prepaid and addressed to the parties as follows:

"Seller"	CalMat Land Co. 3200 San Fernando Road Los Angeles, CA 90065 Attn: Gene Block
"Buyer"	Pick Your Part Auto Wrecking 1301 E. Orangewood, #130 Anaheim, CA 92805 Attn: Cindi Galfin

Notices, demands and requests served in the above manner shall be considered sufficiently given or served for all purposes under this Agreement at the time the notice, demand or request is hand delivered or postmarked to the addresses shown above.

21. Assignment. Buyer shall not assign or attempt to assign this Agreement or any rights hereunder to any other person or entity. Any such assignment or purported assignment shall be null and void and of no force and effect whatsoever.

22. Time of the Essence. Time is of the essence for each and every term, condition, covenant, obligation and provision of this Agreement.

23. Severability. In the event any portion of this Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be severed from this Agreement and the remaining parts hereof shall remain in full force and effect as fully as though such invalid, illegal or unenforceable portion had never been part of this Agreement, provided the remaining Agreement can be reasonably and equitably enforced.

24. Binding of Successors. Subject to the limitations set forth herein, this Agreement shall be binding upon and inure

to the benefit of the successors and assigns of the respective parties hereto.

25. Required Actions of Buyer and Seller. Buyer and Seller agree to execute all such instruments and documents and to take all actions (including the deposit of funds in addition to such funds as may be specifically provided for herein) as may be required in order to consummate the purchase and sale herein contemplated and shall use their best efforts to accomplish the close of escrow in accordance with the provisions hereof.

26. Option to Purchase Additional Land. Prior to close of escrow the parties shall execute an Option Agreement for Assessor's Parcel No. 2538-010-002 in the form attached hereto as Exhibit "G" in duplicate counterparts and deposit said counterpart documents in escrow. Escrow holder shall upon close of escrow deliver to each party the counterpart Option Agreement executed by the other party.

27. Seller's affidavit. Prior to close of escrow, Seller shall deposit an affidavit stating that Seller is not a "foreign person" as the term is defined by Section 1445(f)(3) of the Internal Revenue Code, and setting forth Seller's address and United States Tax Identification Number.

28. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and no addition or modification of any term or provision shall be effective unless set forth in writing, signed by both Seller and Buyer.

29. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

/ / / /

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

"SELLER"

CALMAT LAND CO.

By Gene R. Block
Title Vice President

By Bruce W. Keen
Title Asst. Secretary

"BUYER"

PICK YOUR PART AUTO WRECKING

By Shirley McCoy
Title President

By Walter C. McCoy
Title VICE PRES.

:pands
/pyp1

EXHIBIT "A"

PARCEL 1:

LOTS 8 AND 10 OF TRACT NO. 9329, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 179 PAGES 9 AND 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 12 AND 24 IN BLOCK 18 OF LOS ANGELES LAND AND WATER COMPANY'S SUBDIVISION, OF PART OF THE MACLAY RANCHO, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 17 AND 18 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

GUARANTY

This Guaranty (the "Guaranty") is made as of this 19TH day of September, 1988, by Glenn C. McElroy ("Guarantor") whose business address is 1301 E. Orangewood, Suite 130, Anaheim, California 92805, in favor of R.E. Accommodation Company, a California corporation ("Holder"), whose address is 1101 Dove Street, Suite 100, Newport Beach, California 92660.

1. Guaranty. In order to induce Holder to loan to Pick Your Part Auto Wrecking ("Borrower") the sum of Seven Million Six Hundred Eighty-Four Thousand One Hundred Forty-Four Dollars (\$7,684,144.00) to be evidenced by a certain Purchase Money Promissory Note Secured by Deed of Trust of even date herewith ("Note") executed by Borrower and payable to Holder, Guarantor unconditionally and irrevocably guarantees to Holder and the successors and assigns of Holder and to the officers, directors, agents, employees, stockholders and attorneys of Holder and its successors and assigns, and the parents, subsidiaries and affiliated companies of Holder and its successors and assigns, and the officers, directors, agents, employees, stockholders and attorneys of each such parent, subsidiary and affiliated company, and each of them, the full and prompt payment of the Note in accordance with its terms, when due, by acceleration or otherwise, and the full, prompt, and complete performance of all obligations of Borrower set forth in

the Note, in that certain Deed of Trust and Security Agreement with Assignment of Rents between Borrower and Holder securing performance under the Note ("Deed of Trust"), in that certain Purchase and Sale Agreement and Joint Escrow Instructions ("Purchase Agreement") by which sale of the property ("Property") which is subject to the Deed of Trust was sold to Borrower, and in any security agreement, assignment of lessor's interest in leases, or any other agreement now or hereafter securing performance under the Note (the Note, Deed of Trust, Purchase Agreement and each document securing performance under the Note are collectively referred to herein as the "Loan Documents").

2. Modification, Waiver, or Release of Security.

Guarantor shall continue to be liable under this Guaranty, and its provisions shall remain in full force and effect notwithstanding:

(a) Any modification, agreement, or stipulation between any Borrower and Holder, or their respective successors and assigns, with respect to the Loan Documents; or

(b) Holder's waiver of or failure to enforce any of the terms, covenants, or conditions contained in the Loan Documents, or any modification of the Loan Documents; or

(c) Any release of any real or personal property or other security then held by Holder for the performance of the obligations hereby guaranteed.

3. Additional Credit. Additional credit under the Loan Documents may be granted from time to time at the request of

Borrower and without further authorization from or notice to Guarantor. Holder need not inquire into the power of Borrower or the authority of its officers, partners or agents acting or purporting to act in its behalf. Each credit granted to Borrower pursuant to the Loan Documents shall be deemed to have been granted at the instance and request of Guarantor and in consideration of and in reliance on this Guaranty.

4. Guaranty of Payment and Performance. The liability of Guarantor on this Guaranty is a guaranty of payment and performance and not of collectibility, and is not conditional or contingent on the genuineness, validity, regularity, or enforceability of the Loan Documents or other instruments relating to the obligations hereby guaranteed or the pursuit by Holder of any remedies that it now has or may hereafter have with respect thereto.

5. Bankruptcy. The liability of the Guarantor under this Guaranty shall in no way be affected by:

(a) The release or discharge of Borrower in any creditor proceeding, receivership, bankruptcy, or other proceeding;

(b) The impairment, limitation, or modification of the liability of Borrower or the estate of Borrower, or of any remedy for the enforcement of Borrower's liability, resulting from the operation of any present or future provision of the Bankruptcy Code (Title 11 of the United States Code, as amended; 11 USC §§101-1301) or any bankruptcy, insolvency, debtor relief

statute (state or federal), or any other statute, or from the decision of any court;

(c) The rejection or disaffirmance of the indebtedness, or any portion of the indebtedness, in any such proceeding; or

(d) The cessation, from any cause whatsoever, whether consensual or by operation of law, of the liability of Borrower to Holder.

Guarantor will file all claims against Borrower in any bankruptcy or other proceeding in which the filing of claims is required by law on any indebtedness of Borrower to the Guarantor, and will assign to Holder all rights of Guarantor on any such indebtedness. If Guarantor does not file any such claim, Holder, as attorney-in-fact for Guarantor, is authorized to do so in the name of Guarantor, or, in Holder's discretion, to assign the claim and to file a proof of claim in the name of Holder's nominee. In all such cases, whether in bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the Holder the full amount of any such claim, and, to the full extent necessary for that purpose, Guarantor assigns to Holder all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled.

6. Waiver of Defenses. Guarantor hereby waives:

(a) Diligence and demand of payment;

(b) All notices to Guarantor, to any Borrower, or to any other person, including, but not limited to, notices of

the acceptance of this Guaranty, or the creation, renewal, extension, modification, or accrual of any obligations contained in the Loan Documents or notice of any other matters relating thereto;

(c) All demands whatsoever;

(d) Any statute of limitations affecting liability under this Guaranty or the enforcement of this Guaranty;

(e) Any duty on the part of Holder to disclose to Guarantor any facts it may now or hereafter know about Borrower, regardless of whether Holder has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume, or has reason to believe that such facts are unknown to Guarantor, or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of Borrower and of all circumstances bearing on the risk of nonpayment and nonperformance of any obligation hereby guaranteed; and

(f) All principals or provisions of law that conflict with the terms of this Guaranty. Moreover, Guarantor agrees that its obligations shall not be affected by any circumstances that constitute a legal or equitable discharge of a guarantor or surety.

Guarantor agrees that Holder may enforce this Guaranty without the necessity of resorting to or exhausting any security

or collateral; and Guarantor waives the right to require Holder to proceed against any Borrower, to foreclose any lien on any real or personal property, to exercise any right or remedy under the Loan Documents, to pursue any other remedy, or to enforce any other right.

Guarantor further agrees that nothing contained in this Guaranty shall prevent Holder from suing on the Note or from exercising any rights available to it thereunder or under any of the Loan Documents, and that the exercise by Holder of certain rights and remedies contained in the Loan Documents may affect or eliminate Guarantor's right of subrogation against Borrower and that Guarantor may therefore succeed to a partially or totally nonreimbursable liability hereunder; nevertheless, Guarantor hereby authorizes and empowers Holder to exercise, in its sole discretion, any rights and remedies, or any combination thereof, which may then be available, since it is the intent and purpose of Guarantor that the obligations hereunder shall be absolute, independent, and unconditional under any and all circumstances. Without limiting the generality of the foregoing, Guarantor expressly waives any and all benefits under California Civil Code §§ 2809, 2810, 2819, 2845, 2849, 2850 and 2855 and California Code of Civil Procedure §§ 580a, 580b and 580d. Notwithstanding any foreclosure of the lien of any deed of trust or security agreement with respect to any or all of any real or personal property secured thereby, whether by the exercise of the power of sale contained therein, by an action for judicial foreclosure, or

by an acceptance of a deed in lieu of foreclosure, Guarantor shall remain bound under this Guaranty.

7. Subordination. Until all the terms, covenants and conditions of the Loan Documents on the Borrower's part to be performed and observed are fully performed and observed, Guarantor:

(a) Shall have no right of subrogation against Borrower by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor under this Guaranty;

(b) Waives any right to enforce any remedy that Guarantor shall have against Borrower by reason of any one or more payments or acts of performance in compliance with the obligations of Guarantor under this Guaranty; and

(c) Subordinates any liability or indebtedness of Borrower held by Guarantor to the obligations of Borrower to Holder under any of the Loan Documents or any other instrument of indebtedness.

8. Application of Payments; Refunds. With or without notice to Guarantor, Holder, in its sole discretion and at any time and from time to time and in such manner and on such terms as it deems fit may:

(a) Apply any or all payments or recoveries from Borrower, from Guarantor, or from any other guarantor or endorser under this or any other instrument, or realized from any security, in such manner, order or priority as Holder sees fit,

to indebtedness of Borrower to Holder under the Loan Documents, whether such indebtedness is guaranteed by this Guaranty or is otherwise secured or its due at the time of such application; and

(b) Refund to Borrower any payment received by Holder on any indebtedness hereby guaranteed and payment of the amount refunded shall be fully guaranteed hereby. Any recovery realized from any other guarantor under this or any other instrument shall be first credited on that portion of the indebtedness of Borrower to Holder that exceeds the maximum liability, if any, of Guarantor under this Guaranty.

9. Miscellaneous.

(a) Notice. Whenever the parties hereto desire to give or serve any notice, demand or request with respect to this Guaranty, each such communication shall be in writing and shall be effective only if it is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth in the first paragraph of this Guaranty. Such communications sent shall be effective when they are received by the addressee thereof; but if sent by registered or certified mail, they shall be effective three (3) days after being deposited in the United States mail. Each party hereto may change its address for such communications by giving notice to the other party in conformity with this paragraph.

(b) Successors and Assigns; Joint and Several Liability; Gender; Singular Includes Plural. This Guaranty shall be binding on Guarantor, his heirs, representatives,

administrators, executors, successors, and assigns and shall inure to the benefit of and shall be enforceable by Holder, its successors and assigns. Should this Guaranty be signed by more than one party, all obligations herein contained shall be deemed to be the joint and several obligations of each party executing this Guaranty. As used herein the singular shall include the plural, and the masculine shall include the feminine and neuter, and vice versa, if the context so requires.

(c) Nonwaiver. No provision of this Guaranty or right of Holder under this Guaranty can be waived, nor can Guarantor be released from its obligations under this Guaranty except by a writing duly executed by an authorized representative of Holder. Guarantor shall continue to be liable under the terms of this Guaranty notwithstanding the transfer by Borrower of all or any portion of the property encumbered by the Loan Documents.

(d) Attorneys' Fees. Guarantor shall forthwith pay to Holder the amount of all attorneys' fees and costs incurred by Holder under and pursuant to this Guaranty, or in the defense of enforcement of Holder's interest (whether or not Holder files a lawsuit against Guarantor) in the event Holder retains counsel, or incurs costs in order to: obtain legal advice, enforce, or seek to enforce, any of its rights; commence, intervene in, respond to, or defend any action or proceeding; file or prosecute a claim in any action or proceeding (including, without limitation, any probate claim, bankruptcy claim, third

party claim, or secured creditor claim); or represent Holder in any litigation with respect to Guarantor's affairs.

If either Guarantor or Holder files any lawsuit against the other predicated on this Guaranty, the prevailing party in such action shall be entitled to recover its attorneys' fees.

(e) Choice of Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

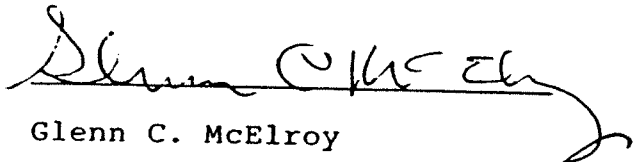
(f) Severability. Every provision of this Guaranty is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid, for any reason whatsoever, by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

(g) Time Is of the Essence. Time is of the essence under this Guaranty and any amendment, modification, or revision of this Guaranty.

10. Revocation/Cancellation. Notwithstanding anything contained in this Guaranty to the contrary, upon payment of all sums due as principal and interest under the Note, this Guaranty shall become null and void, shall be canceled and revoked and the Guarantor shall have no further obligations of any kind under this Guaranty.

11. Limitation. Notwithstanding anything contained in this Guaranty to the contrary, Guarantor's liability hereunder shall be limited entirely to the payment of the Note only and shall not exceed the sum of Seven Million Six Hundred Eighty-Four Thousand One Hundred Forty-Four Dollars (\$7,684,144.00). The liability of Guarantor shall reduce in increments as the principal balance of the Note reduces.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the year and date first above written.


Glenn C. McElroy

ESCROW INSTRUCTION

To: Chicago Title Insurance Company
700 S. Figueroa St., Ste. 1170
Los Angeles, CA 90017

Re: Escrow No. 71608-03

Date: September 12, 1988

In accordance with the provisions of the Purchase and Sale Agreement and Joint Escrow Instructions regarding Seller's option to structure this transaction as a tax deferred exchange:

1. CalMat Land Co. has assigned its obligation to sell the Property under the Purchase and Sale Agreement Joint Escrow Instructions to R.E. Accommodation Company, a California corporation.

2. At close of escrow, escrow agent shall record a Grant Deed from CalMat Land Co. to R.E. Accommodation Company; escrow agent shall immediately thereafter record a Grant Deed from R.E. Accommodation Company to Buyer.

3. Any additional expenses incurred with respect to the foregoing shall be charged to R.E. Accommodation Company.

4. No title insurance shall be issued for the conveyance to R.E. Accommodation Company.

5. Neither escrow holder nor Buyer makes any representation or warranty whatsoever regarding the tax consequences of the foregoing, and CalMat Land Co. assumes any

and all tax liability to CalMat Land Co. resulting from the foregoing or any contemplated exchange transaction.

All other terms and conditions of the escrow shall remain the same.

CALMAT LAND CO.

By *Gene R. Block*

the President
By *Don W. Kinn*
Asst. Secretary

R.E. ACCOMMODATION COMPANY

By *Burt H. Brown*

By *Janie Wilson*

PICK YOUR PART AUTO WRECKING
~~REN OAKS AND ASSOCIATES, INC~~ *CE*

By *Shirley McEay*

By *Al C. McEay*

:delexc

/pyp

ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is executed this 26th day of September, 1988 by and between CALMAT LAND CO., a Delaware corporation (hereinafter "CalMat"), and R. E. ACCOMMODATION COMPANY, a California corporation (hereinafter "R.E.A.C.").

R E C I T A L S:

A. CalMat has entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions dated September 12, 1988 and subsequent amendment(s) thereto (collectively the "Sale Agreement"), wherein CalMat has agreed to convey that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, as more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Subject Property"), to Pick Your Part Auto Wrecking, a California corporation.

B. CalMat desires to relieve itself of the obligation to sell such property, and R.E.A.C. desires to acquire such obligation.

AGREEMENT

CalMat hereby assigns to R.E.A.C. all of CalMat's obligations under said Sale Agreement and R.E.A.C. hereby assumes all of CalMat's obligations under said Sale Agreement.

IN WITNESS WHEREOF, the parties hereto have set their
hands.

CALMAT LAND CO.

By *Sam W. Kins*
Asst. Secretary

R. E. ACCOMMODATION COMPANY

By *Julius Brewer*

:delexc
/pyp

EXHIBIT "A"

PARCEL 1:

LOTS 8 AND 10 OF TRACT NO. 9329, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 179 PAGES 9 AND 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 12 AND 24 IN BLOCK 18 OF LOS ANGELES LAND AND WATER COMPANY'S SUBDIVISION, OF PART OF THE MACLAY RANCHO, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 17 AND 18 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

RESOLUTIONS

RESOLVED, That management be and is hereby authorized to sell the real property located in Sun Valley, California, known as Bradley Avenue auto wrecking property, Assessor's Parcel No. 2538-010-006, to Pick Your Part Auto Wrecking, for a price of approximately \$9,664,144.00, on the terms and conditions of that certain Purchase and Sale Agreement and Joint Escrow Instructions dated September 12, 1988, and on such other terms and conditions as management may deem appropriate;

RESOLVED FURTHER, That the officers of the Company be and they are hereby authorized to, in connection with said sale, enter into a purchase and sale agreement and/or such other documents and instruments as may be necessary to effectuate said sale, and to take such actions as they deem necessary and proper in order to carry out the purpose and intent of the foregoing resolution.

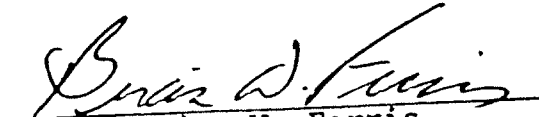
* * * * *

CERTIFICATION

I, Brian W. Ferris, do hereby certify and say that I am the duly elected, qualified and acting Assistant Secretary of CALMAT LAND CO., a California corporation, and that the foregoing is a full, true and correct verbatim copy of the resolutions duly adopted by the Board of Directors of said corporation on September 27, 1988, by unanimous written consent in lieu of a meeting, pursuant to the Corporation's By-laws permitting such action to be taken.

Furthermore, I do hereby certify and say that said resolutions have not been amended, revoked, set aside or terminated, and that they are now in full force and effect.

This certification is made this 27th day of September, 1988.


Brian W. Ferris

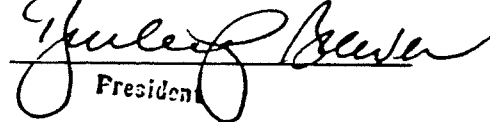
ASSIGNMENT

R. E. ACCOMMODATION COMPANY, a California corporation ("Assignor") for valuable consideration, the receipt of which is hereby acknowledged, does hereby grant and assign to PICK YOUR PART AUTO WRECKING, a California corporation, all of Assignor's right, title and interest in those certain leases described in Exhibit "A" attached hereto and incorporated herein.

IN WITNESS WHEREOF, Assignor has executed this instrument as of September 30, 1988.

R. E. ACCOMMODATION COMPANY

By:


President

CA-LW-21A

BRADLEY YARDS TENANTS

PROPERTY ID #	TENANT
000320-001	INDEPENDENT OUTDOOR ADVERTISING
000320-002	AARON AUTO WRECKING
000320-003	ALL AUTO PARTS COMPANY**
000320-007	A-1 SCRAP INC. (PARTIAL)
000320-008	CENTURY AUTO SALVAGE
000320-009	SKLAR, MARTIN (PARTIAL)
000320-012	CROSSROADS CHEVROLET INC.
000320-014	PACIFIC COAST ROOF COMPANY
000320-017	EZ AUTO SALES AND AUTO PARTS

EXHIBIT A

ASSIGNMENT

CALMAT LAND CO., a California corporation ("Assignor") for valuable consideration, the receipt of which is hereby acknowledged, does hereby grant and assign to R.E. ACCOMMODATION COMPANY, a California corporation, all of Assignor's right, title and interest in those certain leases described in Exhibit "A" attached hereto and incorporated herein.

IN WITNESS WHEREOF, Assignor has executed this instrument as of September 30, 1988.

CALMAT LAND CO.

By Brian W. Farris



CERTIFIED

October 5, 1988

Pacific Coast Roof Company
9361 Glenoaks Boulevard
Sun Valley, CA 91352

Re: Lease No. CA-LW-21A-00320-014

Dear Tenant:

CalMat Co., successor in interest by merger with California Portland Cement Co., sold the property on which your lease in Sun Valley is located to Pick Your Part.

As of October 1, 1988 rental payments should be forwarded to the following address:

Pick Your Part
1301 E. Orangewood Ave
Suite 130
Anaheim, CA 92805
Attn: Accounting Department

Your deposit or any prepayments, if applicable, will be forwarded to Pick Your Part. If you have any questions, please feel free to call me at (213) 258-2777 ext. 3232.

Thank you for your cooperation.

Sincerely,

Teri S. Maltese

Teri S. Maltese
Property Records Manager

TSM: msj
cc: Gene Block
Sheri Ortega
Cindi Galfin
Arlene Ortiz ✓
Dick Drumm
File

ACORD CERTIFICATE OF INSURANCE

SET TAB STOPS AT ARROWS
ISSUE DATE (MM/DD/YY)
7-1-87

PRODUCER
MARK INSURANCE SERVICES
2975 HUNTINGTON DRIVE
SAN MARINO, CA 91108-2299

(818) 793-1184

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER **A** GOLDEN EAGLE INSURANCE
COMPANY LETTER **B** REPUBLIC INDEMNITY CO.
COMPANY LETTER **C**
COMPANY LETTER **D**
COMPANY LETTER **E**

INSURED
PACIFIC COAST ROOFING CORP.
PAUL J. OWEN INDIVIDUALLY
8961 GLEN OAKS
SUN VALLEY, CA 91352

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

TYPES OF SUCH POLICIES					LIABILITY LIMITS IN THOUSANDS		
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)		EACH OCCURRENCE	AGGREGATE
A	GENERAL LIABILITY	CMP032797	6-1-87	6-1-88	BODILY INJURY	\$	\$
	<input checked="" type="checkbox"/> COMPREHENSIVE FORM				PROPERTY DAMAGE	\$	\$
	<input checked="" type="checkbox"/> PREMISES/OPERATIONS				BI & PD COMBINED	\$ 1,000	\$ 1,000
	<input checked="" type="checkbox"/> UNDERGROUND EXPLOSION & COLLAPSE HAZARD						
	<input checked="" type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS						
	<input checked="" type="checkbox"/> CONTRACTUAL				PERSONAL INJURY	\$ 1,000	
	<input checked="" type="checkbox"/> INDEPENDENT CONTRACTORS						
<input checked="" type="checkbox"/> BROAD FORM PROPERTY DAMAGE							
<input checked="" type="checkbox"/> PERSONAL INJURY							
A	AUTOMOBILE LIABILITY	CAU032798	6-1-87	6-1-88	BODILY INJURY PER PERSON	\$	
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY PER ACCIDENT	\$	
	<input checked="" type="checkbox"/> ALL OWNED AUTOS (PRIV. PASS.)				PROPERTY DAMAGE	\$	
	<input checked="" type="checkbox"/> ALL OWNED AUTOS (OTHER THAN PRIV. PASS.)				BI & PD COMBINED	\$ 1,000	
	<input checked="" type="checkbox"/> HIRED AUTOS				BI & PD COMBINED	\$	
	<input checked="" type="checkbox"/> NON-OWNED AUTOS						
<input checked="" type="checkbox"/> GARAGE LIABILITY							
	EXCESS LIABILITY				BI & PD COMBINED	\$	\$
	<input type="checkbox"/> UMBRELLA FORM						
<input type="checkbox"/> OTHER THAN UMBRELLA FORM							
B	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY	PC 989775	7-1-87	7-1-88	STATUTORY		
	\$1,000 (EACH ACCIDENT)				\$1,000 (DISEASE-POLICY LIMIT)	\$1,000 (DISEASE-EACH EMPLOYEE)	
	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

ALL OPERATIONS OF THE NAMED INSURED

CERTIFICATE HOLDER

CALIFORNIA PORTLAND CEMENT CO.
P.O. BOX 2950, TERMINAL ANNEX
LOS ANGELES, CA 90051

ATTN: PAM McCART

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE:

Mike Jones

ACORD 25 (8/84)

© IIR/ACORD CORPORATION 1984

CALIFORNIA PORTLAND CEMENT COMPANY

P.O. BOX 947, COLTON, CALIFORNIA 92324 / TELEPHONE (714) 825-4260



September 3, 1981

WILLIAM J. CONWAY
MANAGER OF PROPERTIES

Mr. Paul Owen
Pacific Coast Roof Corp.
9361 Glenoaks Blvd.
Sun Valley, Calif.

Dear Mr. Owen,

A review of the lease dated August 10, 1977 between California Portland Cement Company and Pacific Coast Roof Corporation disclosed that paragraph number 23 provides for an increase in rent at three year intervals. The first increase should have taken place on September 1, 1980.

The amount of the increase was to have been proportionate to the increase in the CPI-Los Angeles with a limit of 15%. The CPI increased by 38% over the specified period so therefore the 15% limit governs. The monthly rent due since September 1, 1980 has been $\$750 \times 1.15 = \862.50 .

You have been remitting \$750.00 each month which leaves owing a monthly difference of \$112.50 or the amount of \$1,350.00 for the 12 months since the increase should have taken effect.

Please revise your monthly payments to \$862.50 to reflect the increase. The \$1,350.00 which is now in arrears is due immediately but may be spread over the next four months with payments of \$337.50 if it is more convenient.

Sincerely,


W. J. Conway

WJC:ek

CALIFORNIA PORTLAND CEMENT COMPANY

9300 FLAIR DRIVE, EL MONTE, CALIFORNIA 91731 / TELEPHONE (213) 680-2316



WILLIAM J. CONWAY
MANAGER OF PROPERTIES

February 3, 1984

Mr. Paul Owen
Pacific Coast Roof Corp.
9361 Glenoaks Blvd.
Sun Valley, CA 91352

Dear Mr. Owen:

A review of the lease dated August 10, 1977 between California Portland Cement Company and Pacific Coast Roof Corporation disclosed that paragraph number 23 provides for an increase in rent at three year intervals. The first increase took effect on September 1, 1980. The second should have taken effect on September 1, 1983.

The amount of the increase was to have been proportionate to the increase in the CPI-Los Angeles over the three period with a limit of 15%. The CPI increased by 17% over the specified period so therefore the 15% limit governs. The monthly rent due since September 1, 1983 has been $\$862.50 \times 1.15 = \underline{\$991.88}$

You have been remitting \$862.50 each month which leaves owing a monthly difference of \$129.38 or the amount of \$646.90 for the 5 months since the increase should have taken effect.

Please revise your monthly payments to \$991.88 to reflect the increase. The \$646.90 which is now in arrears is due immediately but may be spread over the next two months with payments of \$323.45 each month if it is more convenient.

Sincerely,

991.88 owing M. J. Conway
646.90 March
\$, 638.78 Thru March

AUWE
7-83 294.5
7-86

Standard Industrial Lease

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



1. Parties. This Lease, dated for reference purposes only, August 10, 1977, is made by and between California Portland Cement

(herein called "Lessor") and Pacific Coast Roof Corporation (herein called "Lessee")

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles State of California, commonly known as 9361 Glenoaks Blvd., Sun Valley, Calif. with approx. 396 ft. on Glenoaks Blvd. with a depth of approx. 177 ft. and described as Portion of Lots 12 and Lot 10 (AKA: Portion of Parcels #24 and #8 of Block 18 Tract 9329

Said real property including the land and all improvements thereon, is herein called "the Premises"

3. Term.

3.1 Term. The term of this Lease shall be for ten years (10 yrs.) commencing on September 1, 1977 and ending on August 31, 1987 unless sooner terminated pursuant to any provision hereof. Possession of premises shall be given immediately upon one (1) week or ten (10) days completion of grading.

3.2 Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee. provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4. Rent. Lessee shall pay to Lessor as rent for the Premises Ninety thousand (\$ 90,000.00), payable in equal monthly installments of \$ 750.00 in advance, on the first day of each month of the term hereof. Lessee shall pay Lessor upon the execution hereof \$ 1500.00 as rent for the first month rental of the lease and the balance shall be credited to the last month rental of the lease provided this lease is not in default.

Security Deposit to be paid immediately. First & last month's rent to be paid upon possession.

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof \$ 1500.00 as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessee's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises.

6. Use.

6.1 Use. The Premises shall be used and occupied only for storage of roofing materials and material handling and manufacturing of same.

6.2 Compliance with Law. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations.

7.1 Lessor's Obligations. Subject to the provisions of Article 9 and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees, Lessor, at Lessor's expense, shall keep in good order, condition and repair the foundations, exterior walls and the exterior roof of the Premises. Lessor shall not, however, be obligated to paint such exterior, nor shall Lessor be required to maintain the interior surface of exterior walls, windows, doors or plate glass. Lessor shall have no obligation to make repairs under this Paragraph 7.1 until a reasonable time after receipt of written notice of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Lessee's Obligations.

(a) Subject to the provisions of Paragraph 7.1 and Paragraph 7.1, Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof regardless of whether the damaged portion of the Premises or the means of repairing the same are accessible to Lessee, including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass, and skylights, located within the Premises and all sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises.

(b) If Lessee fails to perform Lessee's obligations under this Paragraph 7.2, Lessor may, at Lessor's option enter upon the Premises after 10 days prior written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of ten percent per annum shall be due and payable as additional rent to Lessor together with Lessee's next rental installment.

(c) On the last day of the term hereof, or on any other termination, Lessee shall surrender the Premises to Lessor in the same condition as received, broom clean, ordinary wear and tear excepted. Lessee shall repair any damage to the Premises occasioned by the removal of its trade fixtures, furnishings and equipment pursuant to Paragraph 7.2(c), which repair shall include the patching and filling of holes and repair of structural damage.

7.3 Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or utility installations in, on or about the Premises, except for non structural alterations not exceeding \$1,000 in cost. As used in this Paragraph 7.3, the term "utility installations" shall include but not be limited to, power panels, fluorescent fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to its original condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a ten percent cash bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for the cost of such improvements, and to insure completion of the work.

(b) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non responsibility in or on the Premises as provided by law.

(c) Unless Lessor requires their removal, as set forth in Paragraph 7.3(a), all alterations, improvements, additions and utility installations (whether or not such utility installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.3(c), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2(c).

Insurance, Indemnity

8.1 **Liability Insurance.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$300,000 for injury to or death of one person in any one accident or occurrence and in an amount of not less than \$500,000 for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Lessor and Lessee against liability for property damage of at least \$50,000. The limits of said insurance shall not, however, limit the liability of Lessee hereunder. In the event that the Premises constitute a part of a larger property said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If Lessee shall fail to procure and maintain said insurance Lessor may, but shall not be required to, procure and maintain the same, but at the expense of Lessee.

8.2 **Property Insurance.** Lessee shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk). Lessee shall pay during the term hereof, in addition to rent, the amount of any increase in premiums for the insurance required under this Paragraph 8.2 over and above such premiums paid by Lessor during the first full year of the term of this Lease in which Lessor shall have maintained the insurance required under this Paragraph 8.2, whether such premium increase shall be the result of the nature of Lessee's occupancy, any act or omission of Lessee, requirements of the holder of a mortgage or deed of trust covering the Premises, or increased valuation of the Premises. Lessee shall pay any such premium increases to Lessor within 30 days after receipt by Lessee of a copy of the premium statement or other satisfactory evidence of the amount due. If the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall also deliver to Lessee a statement of the amount of such increase attributable to the Premises and showing in reasonable detail the manner in which such amount was computed. If the term of this Lease shall not expire concurrently with the expiration of the period covered by such insurance, Lessee's liability for premium increases shall be prorated on an annual basis.

8.3 **Insurance Policies.** Insurance required hereunder shall be in companies rated AAA or better in "Best's Insurance Guide". Lessee shall deliver to Lessor copies of policies of liability insurance required under Paragraph 8.1 or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancellable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to Lessor. Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 8.2.

8.4 **Waiver of Subrogation.** Lessee and Lessor each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.5 **Indemnity.** Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.6 **Exemption of Lessor from Liability.** Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising in any act or neglect of any other tenant, if any, of the building in which the Premises are located.

Damage or Destruction.

9.1 **Partial Damage-Insured.** Subject to the provisions of Paragraph 9.4, if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 8.2, Lessor shall at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

9.2 **Partial Damage-Uninsured.** Subject to the provisions of Paragraph 9.4, if at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained by Lessor pursuant to Paragraph 8.2, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.3 **Total Destruction.** If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained by Lessor pursuant to Paragraph 8.2 (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction.

9.4 **Damage Near End of Term.** If the Premises are partially destroyed or damaged during the last six months of the term of this Lease, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

9.5 Abatement of Rent; Lessee's Remedies.

(a) If the Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within 90 days after such obligations shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 9.5(a).

9.6 **Termination-Advance Payments.** Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

10. Real Property Taxes.

10.1 **Payment of Tax Increase.** Lessor shall pay all real property taxes applicable to the Premises; provided, however, that Lessee shall pay, in addition to rent, the amount, if any, by which real property taxes applicable to the Premises increase over the fiscal tax year 19 77-78. Such payment shall be made by Lessee within thirty (30) days after receipt of Lessor's written statement setting forth the amount of such increase and the reasonable computation thereof. If the term of this Lease shall not expire concurrently with the expiration of the tax fiscal year, Lessee's liability for increased taxes for the last partial lease year shall be prorated on an annual basis.

10.2 **Determination of "Real Property" Tax.** As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, or as against Lessor's business of leasing the Premises.

10.3 **Joint Assessment.** If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations shown in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. Lessor shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any charges thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. Assignment and Subletting.

12.1. Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

12.2. No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor or any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12.3. Attorney's Fees. In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed \$100 incurred in connection with giving such consent.

13. Defaults; Remedies.

13.1. Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than those described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessor's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general assignment or general arrangement for the benefit of creditors, (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days, or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days.

13.2. Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Article 15 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of 10% per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this Paragraph 13.2(a), or (ii) proceeding under Paragraph 13.2(b).

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

13.3. Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4. Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after the amount shall be due, Lessee shall pay to Lessor a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the improvements on the premises, or more than 25% of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, to the extent of severance damages received by Lessor in connection with such condemnation, repay any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee. Upon execution of this Lease by both parties, Lessor shall pay to Industrial Security Real Estate, a licensed real estate broker, a fee of \$1,760.00. For brokerage services heretofore rendered, Lessor further agrees that if Lessee exercises any option granted herein or any option substantially similar thereto, either to extend the term of this Lease, to renew this Lease, to purchase said Premises or any part thereof and/or any adjacent property which Lessor may own or in which Lessor has an interest, or any other option granted herein, or if said broker is the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker a fee in accordance with the schedule of said broker in effect at the time of execution of this Lease. Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, by accepting an assignment of such interest, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. Said broker shall be a third party beneficiary of the provisions of this Paragraph.

16. General Provisions.

16.1. Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by Lessor such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

16.2. Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

16.3. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

16.4. Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 10% per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

16.5. Time of Essence. Time is of the essence.

16.6. Captions. Article and paragraph captions are not a part hereof.

16.7. Incorporation of Prior Agreements, Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

EXHIBIT "A"

This Exhibit "A" is hereby incorporated into that certain Standard Industrial Lease entered into by and between CALIFORNIA PORTLAND CEMENT COMPANY and PACIFIC COAST ROOF CORPORATION, dated August 10th, 1977.

17. Lessor agrees to remove all debris from the property and to rough grade same. Lessee hereby acknowledges that Lessee is aware that the property is filled ground and that if said property sinks, Lessee agrees to and will fill and level said property in accordance with applicable law, ordinance, code or regulation.

18. Lessor agrees to pay for the installation of natural gas lines and meter and water line for the transportation of potable water to the property, provided any and all plans and specifications and costs therefor shall be and are subject to the prior written approval of Lessor before Lessee begins the installation thereof.

19. Lessee may construct an office building upon the property subject to this Lease, at Lessee's sole cost and expense. Lessee agrees to remove said office building at the termination of this Lease including any and all foundations associated therewith all at Lessee's sole cost and expense.

20. Lessee agrees that any and all improvements, including the above-mentioned office building, which Lessee shall install upon the property, shall conform to any and all applicable law, ordinance, code or regulation and any and all permits necessary for the construction or installation of said improvements and/or structures shall be obtained by Lessee at Lessee's sole cost and expense.

21. In the event Lessee abandons the property subject to this Lease, Lessee agrees that any and all personal property left upon said premises shall thereupon become the property of Lessor and Lessee agrees to and does hereby relinquish all right, title and interest thereto and does hereby indemnify and hold Lessor harmless for any action Lessor may institute regarding said personal property.

22. Lessor agrees to pay for the installation of a septic tank upon the property at a cost not to exceed \$1100.

23. The minimum monthly rental for each consecutive 3-year period during the term of this Lease shall be adjusted commensurate with increases in the Index of Consumer Prices, All Items, Los Angeles Area (1967 = 100), as published by the Bureau of Labor Statistics, United States Department of Labor. The monthly rental due hereunder shall be adjusted effective for each successive 3-year period during the term hereof as follows: The monthly rental recited in Paragraph 4 of the Lease to which this Exhibit is attached shall be applicable from September 1, 1977 through August 31, 1980. Thereafter the monthly rental for each successive three consecutive year portion of the initial term of this Lease, or as it may be extended, shall be adjusted in direct proportion to the total increase in said Index which shall have occurred

in the preceding three consecutive year period between the month of July, which directly preceded the applicable three consecutive year period and the last month of July within said period, provided such rental shall not be increased in excess of 15 per cent.

24. Lessee is hereby granted the option to extend the term of this Lease for an additional 5-year period. During the term of any said extension the parties hereto shall remain subject to the same terms and conditions, including increases in the minimum monthly rental as above mentioned, provided Lessee must give Lessor at least 60 days' prior written notice of Lessee's intent to exercise said option before the expiration of the initial term of the Lease.

Agreed to and accepted this 23rd day of August 1977.

LESSOR:

CALIFORNIA PORTLAND CEMENT COMPANY

By William J. Conroy

LESSEE:

PACIFIC COAST ROOF CORPORATION

By [Signature]



3200 San Fernando Road, Los Angeles, CA 90065 (213) 258-2777

CalMat Properties Co.

CERTIFIED

October 4, 1988

Aaron's Auto Wrecking
9403 Glenoaks Boulevard
Sun Valley, CA 91352

Re: Lease No. CA-LW-21A-00320-002

Dear Tenant:

CalMat Co., successor in interest by merger with California Portland Cement Co., sold the property on which your lease in Sun Valley is located to Pick Your Part.

As of October 1, 1988 rental payments should be forwarded to the following address:

Pick Your Part
1301 E. Oranewood Ave
Suite 130
Anaheim, CA 92805
Attn: Accounting Department

Your deposit or any prepayments, if applicable, will be forwarded to Pick Your Part. If you have any questions, please feel free to call me at (213) 258-2777 ext. 3232.

Thank you for your cooperation.

Sincerely,

Teri S. Maltese

Teri S. Maltese
Property Records Manager

TSM: msj

cc: Gene Block
Sheri Ortega
Cindi Galfin
Arlene Ortiz ✓
Dick Drumm
File

acord CERTIFICATE OF INSURANCE

SET TAB STOPS AT ARROWS
ISSUE DATE (MM/DD/YY)

7-17-87

PRODUCER
California Coastal Insurance
P. O. Box 5076
San Ramon, CA 94583
(415) 866-7050
04-138-451 CC

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER **A** Fireman's Fund Insurance Co.
COMPANY LETTER **B**
COMPANY LETTER **C**
COMPANY LETTER **D**
COMPANY LETTER **E**

INSURED
Aaron's Auto Parts & Salvage
19403 Greenhills Blvd.
Sun Valley, CA 91352

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIABILITY LIMITS IN THOUSANDS		
						EACH OCCURRENCE	AGGREGATE
A	<input checked="" type="checkbox"/> GENERAL LIABILITY	MXG80202056	5-15-87	5-15-88	BODILY INJURY	\$	\$
	<input checked="" type="checkbox"/> COMPREHENSIVE FORM				PROPERTY DAMAGE	\$	\$
	<input checked="" type="checkbox"/> PREMISES OPERATIONS				BI & PD COMBINED	\$ 500,	\$1,000,
	<input checked="" type="checkbox"/> UNDERGROUND				PERSONAL INJURY	\$	
	<input checked="" type="checkbox"/> EXPLOSION & COLLAPSE HAZARD						
	<input checked="" type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS						
	<input checked="" type="checkbox"/> CONTRACTUAL				BODILY INJURY (PER PERSON)	\$	
	<input checked="" type="checkbox"/> INDEPENDENT CONTRACTORS				BODILY INJURY (PER ACCIDENT)	\$	
	<input checked="" type="checkbox"/> BROAD FORM PROPERTY DAMAGE				PROPERTY DAMAGE	\$	
	<input checked="" type="checkbox"/> PERSONAL INJURY				BI & PD COMBINED	\$	
	<input type="checkbox"/> AUTOMOBILE LIABILITY				BI & PD COMBINED	\$	\$
	<input type="checkbox"/> ANY AUTO						
	<input type="checkbox"/> ALL OWNED AUTOS (PRIV. PASS.)				STATUTORY	\$	(EACH ACCIDENT)
	<input type="checkbox"/> ALL OWNED AUTOS (OTHER THAN PRIV. PASS.)					\$	(DISEASE-POLICY LIMIT)
	<input type="checkbox"/> HIRED AUTOS					\$	(DISEASE-EACH EMPLOYEE)
	<input type="checkbox"/> NON-OWNED AUTOS						
	<input type="checkbox"/> GARAGE LIABILITY						
	<input type="checkbox"/> EXCESS LIABILITY						
	<input type="checkbox"/> UMBRELLA FORM						
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM						
	<input type="checkbox"/> WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY						
	<input type="checkbox"/> OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER

Gal-Mat Properties Co.
Richard G. Drumm, Ass't. Prop. Mgr.
3200 San Bernardo Road
Los Angeles, CA 90065
ATTN: Pam McCarr

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Richard G. Drumm

CalMat Co

3200 SAN FERNANDO ROAD/P.O. BOX 2950/LOS ANGELES, CALIFORNIA 90051/(213) 258-2777



March 12, 1986

Aaron Auto Wrecking
9403 Glenoaks Blvd.
Sun Valley, CA 91352

Gentlemen:

According to Section Seventeen of the Standard Industrial Lease between California Portland Cement and Cecil Cushen dated February 2, 1976, rent for the premises described therein should have been escalated on March 1, 1986. The third term of the lease provides for a rental of \$700.00 per month.

Enclosed is your invoice for April which includes the rental increase for March of \$100.00. Let me remind you that these payments are due, in advance, on the first of each month. Commencing April 1986, strict adherence to late charges will apply. If you have any questions, please do not hesitate to call me.

Sincerely,

Robert B. Craik
Controller
Properties Division

RBC/pjm
enclosure

cc: Gene Block
Mike Krystkiewicz
File

CALIFORNIA PORTLAND CEMENT COMPANY

P. O. BOX 947, COLTON, CALIFORNIA 92324 / TELEPHONE (714) 825-4260



May 1, 1981

WILLIAM J. CONWAY
MANAGER OF PROPERTIES

Mr. Greg Avakian
9403 Glenoaks Blvd.
Sun Valley, CA 91352

Dear Mr. Avakian:

This letter will be a reminder that the first five-year term of your lease at 9403 Glenoaks Blvd., Sun Valley expired on March 31, 1981. The second term of the lease provides for a rental of \$600.00 per month.

Would you please send us a check for this increased rent for the months of April and May.

Sincerely,



William J. Conway

WJC:cy

Tim Merano

Standard Industrial Lease

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION



Parties. This Lease, dated, for reference purposes only, February 2, 19 76 is made by and between California Portland Cement (herein called "Lessor") and Cecil Cushen (herein called "Lessee").

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles State of California, commonly known as Portion of Lot 12 and Lot 10 of Block 18 Tr. # 9329 : 9403 Glenoaks Blvd. Sun Valley and described as Aprox. two acres of ground with aprox. 300 feet on Glenoaks Blvd. and a debth of 290+- feet

Lessee to have occupancy upon signing of a formal lease and paying the \$1,000.00.

Said real property including the land and all improvements thereon, is herein called "the Premises".

3. Term.

3.1 Term. The term of this Lease shall be for an option for Five years with two five year extensions at expiration of first term commencing on April 1, 1976 and ending on March 31, 1981 unless sooner terminated pursuant to any provision hereof.

3.2 Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4. Rent. Lessee shall pay to Lessor as rent for the Premises thirty thousand dollars (\$ 30,000.00), payable in equal monthly installments of \$ 500.00 , in advance, on the first day of each month of the term hereof. Lessee shall pay Lessor upon the execution hereof \$ 1,000.00 as ~~XXXXX~~ consideration for lessor making this lease, and the first \$500.00 shall apply to the first month rental of the lease and the balance shall be credited to the last month rental of the lease provided Lessee is not in default.

It for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof \$ ----- as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises.

6. Use.

6.1 Use. The Premises shall be used and occupied only for Automobile wrecking, storage and dismantling

6.2 Compliance with Law. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations.

7.1 Lessor's Obligations. Subject to the provisions of Article 9 and except for damage caused by any negligent or intentional act or omission of Lessee, Lessee's agents, employees, or invitees, Lessor, at Lessor's expense, shall keep in good order, condition and repair the foundations, exterior walls and the exterior roof of the Premises. Lessor shall not, however, be obligated to paint such exterior, nor shall Lessor be required to maintain the interior surface of exterior walls, windows, doors or plate glass. Lessor shall have no obligation to make repairs under this Paragraph 7.1 until a reasonable time after receipt of written notice of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Lessee's Obligations.

(a) Subject to the provisions of Paragraph 9 and Paragraph 7.1, Lessee, at Lessee's expense, shall keep in good order, condition and repair the Premises and every part thereof (regardless of whether the damaged portion of the Premises or the means of repairing the same are accessible to Lessee), including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass, and skylights, located within the Premises and all sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises.

(b) If Lessee fails to perform Lessee's obligations under this Paragraph 7.2, Lessor may at Lessor's option enter upon the Premises after 10 days' prior written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of 10% per annum shall be due and payable as additional rent to Lessor together with Lessee's next rental installment.

(c) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, broom clean, ordinary wear and tear excepted. Lessee shall repair any damage to the Premises occasioned by the removal of its trade fixtures, furnishings and equipment pursuant to Paragraph 7.3(c), which repair shall include the patching and filling of holes and repair of structural damage.

7.3 Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or utility installations in, on or about the Premises, except for non-structural alterations not exceeding \$1,000 in cost. As used in this Paragraph 7.3, the term "utility installations" shall include bus ducting, power panels, fluorescent fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to their prior condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanics' and materialmen's liens and to insure completion of the work.

(b) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non responsibility in or on the Premises as provided by law.

(c) Unless Lessor requires their removal, as set forth in Paragraph 7.3(a), all alterations, improvements, additions and utility installations (whether or not such utility installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.3(c), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2(c).

8. Insurance; Indemnity.

8.1 **Liability Insurance.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$300,000 for injury to or death of one person in any one accident or occurrence and in an amount of not less than \$500,000 for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Lessor and Lessee against liability for property damage of at least \$50,000. The limits of said insurance shall not, however, limit the liability of Lessee hereunder. In the event that the Premises constitute a part of a larger property said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If Lessee shall fail to procure and maintain said insurance Lessor may, but shall not be required to, procure and maintain the same, but at the expense of Lessee.

8.2 **Property Insurance.** Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk). Lessee shall pay during the term hereof, in addition to rent, the amount of any increase in premiums for the insurance required under this Paragraph 8.2 over and above such premiums paid by Lessor during the first full year of the term of this Lease in which Lessor shall have maintained the insurance required under this Paragraph 8.2, whether such premium increase shall be the result of the nature of Lessee's occupancy, any act or omission of Lessee, requirements of the holder of a mortgage or deed of trust covering the Premises, or increased valuation of the Premises. Lessee shall pay any such premium increases to Lessor within 30 days after receipt by Lessee of a copy of the premium statement or other satisfactory evidence of the amount due. If the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall also deliver to Lessee a statement of the amount of such increase attributable to the Premises and showing in reasonable detail the manner in which such amount was computed. If the term of this Lease shall not expire concurrently with the expiration of the period covered by such insurance, Lessee's liability for premium increases shall be prorated on an annual basis.

8.3 **Insurance Policies.** Insurance required hereunder shall be in companies rated AAA or better in "Best's Insurance Guide". Lessee shall deliver to Lessor copies of policies of liability insurance required under Paragraph 8.1 or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancellable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to Lessor. Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 8.2.

8.4 **Waiver of Subrogation.** Lessee and Lessor each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under an insurance policy in force at the time of such loss or damage. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.5 **Indemnity.** Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.6 **Exemption of Lessor from Liability.** Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

9. Damage or Destruction.

9.1 **Partial Damage—Insured.** Subject to the provisions of Paragraph 9.4, if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 8.2, Lessor shall at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

9.2 **Partial Damage—Uninsured.** Subject to the provisions of Paragraph 9.4, if at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained by Lessor pursuant to Paragraph 8.2, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.3 **Total Destruction.** If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained by Lessor pursuant to Paragraph 8.2 (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction.

9.4 **Damage Near End of Term.** If the Premises are partially destroyed or damaged during the last six months of the term of this Lease, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

9.5. Abatement of Rent; Lessee's Remedies.

(a) If the Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within 90 days after such obligations shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 9.5(a).

9.6 **Termination—Advance Payments.** Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

10. Real Property Taxes.

10.1 **Payment of Tax Increase.** Lessor shall pay all real property taxes applicable to the Premises, provided, however, that Lessee shall pay, in addition to rent, the amount, if any, by which real property taxes applicable to the Premises increase over the fiscal tax year 19 75-1976. Such payment shall be made by Lessee within thirty (30) days after receipt of Lessor's written statement setting forth the amount of such increase and the reasonable computation thereof. If the term of this Lease shall not expire concurrently with the expiration of the tax fiscal year, Lessee's liability for increased taxes for the last partial lease year shall be prorated on an annual basis.

10.2 **Definition of "Real Property" Tax.** As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, or as against Lessor's business of leasing the Premises.

10.3 **Joint Assessment.** If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4. Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

1. Utilities. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

2. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or number all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

12.2 No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor or other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed to any subsequent assignment or subletting.

12.3 Attorney's Fees. In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed \$100 incurred in connection with giving such consent.

3. Defaults; Remedies.

13.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general assignment, or general arrangement for the benefit of creditors; (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days.

13.2 Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of retelling, including necessary renovation and alteration of the Premises; reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Article 15 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of 0% per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and covering from Lessee the amount specified in this Paragraph 13.2(a), or (ii) proceeding under Paragraph 13.2(b).

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, Lessee shall pay to Lessor a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge is a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

4. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the improvements on the premises, or more than 25% of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award or the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

5. Broker's Fee. Upon execution of this Lease by both parties, Lessor shall pay to Industrial Security Real Estate, a licensed real estate broker, a fee of 5% of the lease for brokerage services heretofore rendered. Lessor further agrees that if Lessee exercises any option granted herein or any option substantially similar thereto, either to extend the term of this Lease, to renew this Lease, to purchase said premises or any part thereof and/or any adjacent property which Lessor may own or in which Lessor has an interest, or any other option granted herein, if said broker is the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker a fee in accordance with the schedule of said broker in effect at the time of execution of this Lease. Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, by accepting an assignment of such interest, shall be deemed to have assumed Lessor's obligation under this Paragraph 5. Said broker shall be a third party beneficiary of the provisions of this Paragraph.

6. General Provisions.

16.1 Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by Lessor such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

16.2 Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a Lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be on Lessor's successors and assigns, only during their respective periods of ownership.

3. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

16.4 Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 10% per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

16.5 Time of Essence. Time is of the essence.

16.6 Captions. Article and paragraph captions are not a part hereof.

16.7 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

16.8. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by regular mail, addressed to Lessor and Lessee respectively at the addresses set forth after their signatures at the end of this Lease.

16.9. Waivers. No waiver by Lessor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

16.10. Recording. Lessee shall not record this Lease without Lessor's prior written consent, and such recordation shall, at the option of Lessor, constitute a non-curable default of Lessee hereunder. Either party shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

16.11. Holding Over. If Lessee remains in possession of the Premises or any part thereof after the expiration of the term hereof without the express written consent of Lessor, such occupancy shall be a tenancy from month to month at a rental in the amount of the last monthly rental plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy.

16.12. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

16.13. Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

16.14. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of Paragraph 16.2, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California.

16.15. Subordination.

(a) This Lease, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate such subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney in fact and in Lessee's name, place and stead, to do so.

16.16. Attorney's Fees. If either party or the broker named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

16.17. Lessor's Access. Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, or lenders, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as Lessor may deem necessary or desirable. Lessor may at any time place on or about the Premises any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Lessee.

16.18. Signs and Auctions. Lessee shall not place any sign upon the Premises or conduct any auction thereon without Lessor's prior written consent.

16.19. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.

16.20. Corporate Authority. If Lessee is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Lessee is a corporation Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

17. Lessee to have the option for an additional five year term after the expiration of the first term, with a monthly rental of \$600.00 per month gross rental (plus tax increase in item 10.1)

18. Lessee to have the option for an additional five year term after the expiration of the second term, with a monthly rental of \$700.00 per month gross rental (plus tax increase in item 10.1)

19. Lessor to rough grade the property, but if the ground level sinks the Lessee will have to level and fill. Lessee will have the permission to put in driveways and a gate at his expense. Lessee may also run water into the property, and all improvements will be put in with proper permits. Lessee may also fence the area as required for a wrecking yard by the City, and Lessee to have the right to remove his fencing when he vacates, provided he replaces Lessors fencing. Lessee may pave the front area as required and put in planters. Lessee may have the right to build an office at his expense provided it is done in accordance with City code.

The parties hereto have executed this Lease at the place and on the dates specified immediately adjacent to their respective signatures.

If this Lease has been filled in it has been prepared for submission to your attorney for his approval. No representation or recommendation is made by the real estate broker or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this Lease or the transaction relating thereto.

20. This lease is subject to Lessee being able to acquire the required permits for a wrecking yard .

Executed at Colton, California

CALIFORNIA PORTLAND CEMENT COMPANY

on February 11, 1976

By William J. Conway

Address P. O. Box 947, Colton, CA. 92324

By _____

"LESSOR"

Executed at San Valley

on Feb 15 - 1976

By Cecil E. Carson

Address 7564 Security Ave

By _____

Burbank Calif 91504

"LESSEE"

TRUCK INSURANCE EXCHANGE

☒ COMMERCIAL

☐ PERSONAL

DECLARATIONS

Named Insured: FAHI SARKISIAN & HAGOP GERAGOSIAN
Address: DBA: AARON'S AUTO PARTS
9403 GLENOAKS BLVD
SUN VALLEY CA 91352

4678278
Prematic Acct. No.
30 44 303
Agent
N1806 12 40
Policy Number

Business Named Insured is: AUTO DISMANTLER

The named insured is individual unless otherwise stated herein: ☒ Co-Partnership ☐ Corporation

SEE E-222 ED5

Effective

From 7-1-86

To 7-1-87

(not prior to time applied for)

12:01 A.M. Standard Time, at the address of the named insured.

The policy may be renewed for an additional policy term. The Company offers to renew by sending a bill and the insured pays the premium in advance of the respective renewal date.

Schedule of Underlying Insurance

CARRIER	POLICY NUMBER	COVERAGE	UNDERLYING LIMITS
TRUCK INS EXCHANGE	N1823 12 40	COMP GEN'L LIAB INCL AUTO & PRODUCTS LIAB	300,000

IMPORTANT NOTICE: You have less than the limits listed above. If your underlying insurance has lesser limits than the limits listed above, you must keep the above coverages and limits.

he liability limits listed above. If your underlying e. You must keep the above coverages and limits

PREMIUM	COVERAGES	LIMITS OF LIABILITY
ANNUAL PREM \$ 2,352.00	Personal Injury, Property Damage and Advertising Liability	\$ 10,000 Retained Limit \$ 1,000,000 Each Occurrence \$ 1,000,000 Aggregate
\$	Personal Liability	\$ Retained Limit \$,000,000 Each Occurrence
\$	Errors & Omissions Insurance	\$,000,000 Occurrence — Aggregate Limit
\$		
\$ 2,352.00	TOTAL PREMIUM	
\$	Cash Received	
\$	Balance	

SPEC #29, ET-2UM, #100, #19, #31, #24

Commercial Umbrella Policies only

Minimum premium for insurance program if applicable

Minimum premium for insurance program if applicable

Signed: *[Signature]*

ED2



ENDORSEMENT

Effective Date 7-1-86

7100

N1806 12 40

Policy Number
of the Company designated
in the Declarations

PARTNERSHIP AS NAMED INSURED
(LIMITING COVERAGE TO BUSINESS OPERATIONS)

IT IS AGREED THAT THIS POLICY APPLIES TO PARTNERS OF THE
PARTNERSHIP NAMED IN THE DECLARATIONS ONLY WHILE ACTING
WITHIN THE SCOPE OF THEIR DUTIES.

Effective but prior to time applied for 12:01 A.M. Standard Time in California, Oregon and Oklahoma. In the other jurisdictions shown above this endorsement when it is added becomes part of the above numbered policy issued by the Company designated in the Declarations and it provides and controls anything in the policy contrary thereto but is otherwise subject to the Declarations, Insuring Agreements, Exclusions and Conditions.

Counter-signed

AUTHORIZED REPRESENTATIVE



WILLIAMSON & SONS, INC.

ENDORSEMENT

Effective Date 7-1-86

731

N1806 12 40

Policy Number
of the Company designated
in the Declarations

POLLUTION EXCLUSION - ABSOLUTE

THIS POLICY DOES NOT APPLY TO PERSONAL INJURY OR PROPERTY DAMAGE ARISING OUT OF THE DISCHARGE, DISPERSAL, RELEASE, ESCAPE OF SEEPAGE OF OIL, PETROLEUM SUBSTANCES OR DERIVATIVES (INCLUDING ANY OIL REFUSE OR OIL MIXED WITH WASTES), SMOKE, VAPORS, SOOT, FUMES, ACIDS, ALKALIS, TOXIC CHEMICALS, LIQUIDS OR GASES, WASTE MATERIAL OR OTHER IRRITANTS, CONTAMINANTS OR POLLUTANTS INTO OR UPON LAND, THE ATMOSPHERE OR ANY WATERCOURSE, BODY OF WATER, BOG, MARSH, SWAMP OR WETLAND, WHETHER OR NOT SUCH DISCHARGE, DISPERSAL, RELEASE OR ESCAPE IS SUDDEN AND ACCIDENTAL, OR GRADUAL AND ACCIDENTAL.

Effective not prior to time applied for (12:01 A.M. Standard Time in California, Oregon and Oklahoma) on the effective date shown above this endorsement, when countersigned, becomes part of the above numbered policy issued by the Company designated in the Declarations, and supercedes and controls anything in the policy contrary herein but is otherwise subject to the Declarations, Insuring Agreements, Exclusions and Conditions therein.

Countersigned

AUTHORIZED REPRESENTATIVE



A 1002 (ACT 10 219-82 1225) ST 1000

ENDORSEMENT

Effective Date: 7-1-86

N1806 12 40

Policy Number
of the Company designated
in the Declarations

PERSONAL INJURY - FOLLOWING FORM

EXCEPT TO THE EXTENT COVERAGE IS PROVIDED TO THE INSURED IN THE UNDERLYING INSURANCE, AS SET FORTH IN THE SCHEDULE OF UNDERLYING INSURANCE, THIS POLICY DOES NOT APPLY TO PERSONAL INJURY AS DEFINED BELOW.

PERSONAL INJURY MEANS:

1. FALSE ARREST, DETENTION OR IMPRISONMENT, OR MALICIOUS PROSECUTION;
2. THE PUBLICATION OR UTTERANCE OF A LIBEL OR SLANDER OR OF OTHER DEFAMATORY OR DISPARAGING MATERIAL, OR A PUBLICATION OR UTTERANCE IN VIOLATION OF AN INDIVIDUAL'S RIGHT OF PRIVACY, INCLUDING PUBLICATIONS, OR UTTERANCES IN THE COURSE OF, OR RELATED TO, ADVERTISING, BROADCASTING OR TELECASTING ACTIVITIES CONDUCTED BY, OR ON BEHALF OF THE INSURED;
3. WRONGFUL ENTRY OR EVICTION, OR OTHER INVASION OF THE RIGHT OF PRIVATE OCCUPANCY;
4. DISCRIMINATION, HUMILIATION AND MENTAL ANGUISH;
5. DISABILITY, SHOCK OR MENTAL INJURY.

Effective not prior to time applied for (12:01 A.M. Standard Time in California, Oregon and Oklahoma) on the effective date shown above this endorsement when countersigned by the insured. This part of the above numbered policy issued by the Company designated in the Declarations, and purports and controls anything in the policy contrary hereto but is otherwise subject to the Declarations, Insuring Agreements, Exclusions and Conditions thereof.

Insured

AUTHORIZED REPRESENTATIVE



ACT 121983 121157 1340

ENDORSEMENT

Effective Date 7-1-86

#24

N1806 12 40

Policy Number
of the Company designated
in the Declaration

CARE, CUSTODY OR CONTROL EXCLUSION

IT IS AGREED THAT THIS POLICY DOES NOT APPLY TO LIABILITY FOR DAMAGE TO (1) PROPERTY OCCUPIED BY OR LEASED TO THE INSURED, OR (2) EXCEPT WITH RESPECT TO LIABILITY UNDER SIDE-TRACK AGREEMENTS, PROPERTY USED BY THE INSURED, OR (3) EXCEPT WITH RESPECT TO LIABILITY UNDER SIDETRACK AGREEMENTS, OR THE USE OF ELEVATORS OR ESCALATORS AT PREMISES OWNED BY, RENTED TO OR CONTROLLED BY THE INSURED, PROPERTY IN THE CARE, CUSTODY OR CONTROL OF THE INSURED OR PROPERTY OVER WHICH THE INSURED FOR ANY PURPOSE IS EXERCISING PHYSICAL CONTROL.

Effective not prior to time applied for (12:01 A.M. Standard Time in California, Oregon and Washington) on the effective date shown above this endorsement when countersigned becomes part of the above numbered policy issued by the Company designated in the Declarations, and supercedes and controls anything in the policy contrary hereto but is otherwise subject to the Declarations, Insuring Agreements, Exclusions and Conditions of the policy.

Countersigned

AUTHORIZED REPRESENTATIVE



4-1-86 (12:01 A.M. Standard Time in California, Oregon and Washington)

ENDORSEMENT

Effective Date 7-1-86

N1806 12 40

Policy Number
of the Company Designated
in the Declarations

EMPLOYERS LIABILITY - EXCLUSION

THIS POLICY DOES NOT APPLY TO PERSONAL INJURY TO ANY EMPLOYEE OF THE INSURED ARISING OUT OF AND IN THE COURSE OF EMPLOYMENT BY THE INSURED OR TO ANY OBLIGATION OF THE INSURED TO INDEMNIFY ANOTHER BECAUSE OF DAMAGES ARISING OUT OF SUCH INJURY; BUT THIS EXCLUSION DOES NOT APPLY TO LIABILITY ASSUMED UNDER ANY WRITTEN CONTRACT.

Effective not prior to time applied for (12:01 A.M. Standard Time in California, Oregon and Oklahoma) on the effective date shown above this endorsement when this endorsement becomes part of the above numbered policy issued by the Company designated in the Declarations, and supersedes and controls anything in the policy contrary hereto but is otherwise subject to the Declarations, Insuring Agreements, Exclusions and Conditions thereof.

Authorized Representative

AUTHORIZED REPRESENTATIVE



MAILED OCT 17 2 29 PM '86

Attach to your policy with the same policy number shown on this endorsement

ENDORSEMENT

Effective Date 7-1-86

N1806 12 40

Policy Number
of the Company designated
in the Declarations

UNINSURED/UNDERINSURED MOTORIST EXCLUSIONARY ENDORSEMENT

THIS POLICY DOES NOT APPLY TO PERSONAL INJURY OR
PROPERTY DAMAGE ARISING OUT OF UNINSURED OR UNDER-
INSURED MOTORIST COVERAGES, OR LOSSES, OR STATUTES.

This endorsement is void if it is not attached to the policy to which it refers. It is not valid unless it is countersigned by the agent of the company designated in the Declarations and is subject to the Declarations, Insuring Agreements, Exclusions and Conditions thereof.

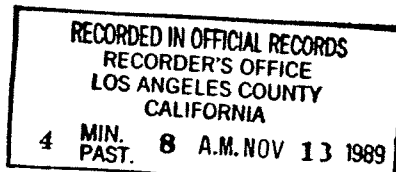
Witnessed

AUTHORIZED REPRESENTATIVE



89-1823236

RECORDING REQUESTED BY AND)
WHEN RECORDED RETURN TO:)
Brian W. Ferris, Esq.)
CalMat Land Co.)
P. O. Box 2950)
Los Angeles, CA 90051)



Space Above For Recorder's Use

FEE \$7 V
2

ASSIGNMENT OF DEED OF TRUST

For value received, the undersigned hereby grants and transfers to CalMat Land Co., a California corporation, all beneficial interest under that certain Deed of Trust dated September 12, 1988 executed by Pick Your Part Auto Wrecking, a California corporation, Trustor, to Chicago Title Insurance Company, a corporation, Trustee, and recorded as Instrument No. 88-1576359 on September 30, 1988 of Official Records in the County Recorder's Office of Los Angeles County, California, describing land therein as more particularly described on Exhibit "A" attached hereto and incorporated herein.

Together with the note therein described or referred to, the money due and to become due thereon with interest, and all rights accrued or to accrue under said Deed of Trust.

Dated: March 30, 1989

R. E. ACCOMMODATION COMPANY

This document corrects document No. 89-675922 wherein the name of the assignee, CalMat Land Co., was incorrectly stated.

By: Burleigh Brewer
Burleigh Brewer

By: Jani Wilson
Jani Wilson

STATE OF CALIFORNIA)
COUNTY OF ORANGE)

On March 31, 1989 before me, the undersigned, a Notary Public in and for said State, personally appeared BURLEIGH BREWER, personally known to me to be the person who executed the within instrument as the President, and JANI WILSON, personally known to me to be the person who executed the within instrument as the Secretary, of the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Letha Wilemon
Notary Public



RECORDING REQUESTED BY AND)
WHEN RECORDED RETURN TO:)

Brian W. Ferris, Esq.)
CalMat Land Co.)
P.O. Box 2950)
Los Angeles, CA 90051)

RECORDED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

31 MIN. 2 P.M. APR 28 1989
PAST.

Space Above For Recorder's Use

FEE \$7 B
2

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Together with the note therein described or referred to, the money due and to become due thereon with interest, and all rights accrued or to accrue under said Deed of Trust.

Dated: March 30, 1989

R. E. ACCOMMODATION COMPANY

By: Burleigh Brewer
Burleigh Brewer

By: Jani Wilson
Jani Wilson

STATE OF CALIFORNIA)
COUNTY OF ORANGE)

On March 31, 1989 before me, the undersigned, a Notary Public in and for said State, personally appeared BURLEIGH BREWER, personally known to me to be the person who executed the within instrument as the President, and JANI WILSON, personally known to me to be the person who executed the within instrument as the Secretary, of the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its Board of Directors.

WITNESS my hand and official (seal)

Letha Wilemon
Notary Public



PARCEL 1:

Lots 8 and 10 of Tract No. 9328, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 179 Pages 3 and 10 of Maps, in the office of the County Recorder of said County.

22

PARCEL 2:

Lots 12 and 24 in Block 18 of Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3 Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT THEREFROM an easement for conveyor systems, water pipelines and incidental purposes upon, across, under, over and through the property described as follows:

That portion of Lot 12, Block 18, Los Angeles Land and Water Company's Subdivision of a part of the MacLay Rancho, as per Map recorded in Book 3, pages 17 and 18 of Maps, and Lots 8 and 10, Tract No. 9329 as per Map recorded in Book 179, pages 9 and 10 of Maps, all in the office of the Los Angeles County Recorder, within a strip of land of various widths as set forth below; the center line of which is described as follows:

Commencing at a point, designated as Point A, on the center line of Glenoaks Boulevard, 100 foot wide, and lying 1.89 feet southeasterly of the intersection of the centerlines of Peoria Street and Glenoaks Boulevard; thence South $08^{\circ}44'39''$ West, approximately 65 feet to a point lying on the northwesterly prolongation of the southwesterly line of Glenoaks Boulevard; said point being the True Point of Beginning and being designated as Point B; thence South $08^{\circ}44'39''$ West to a point designated as Point C, said point lying 88.62 feet from Point A, and lying on a line bearing South $08^{\circ}44'39''$ West from Point A; thence South $08^{\circ}44'39''$ West, 75.13 feet to a point designated as Point D; then South $37^{\circ}00'42''$ West, 130 feet to a point designated as Point E; thence South $37^{\circ}00'42''$ West, 610 feet to a point designated as Point F; thence South $37^{\circ}00'42''$ West, 140 feet to a point designated as Point G; thence South $37^{\circ}00'42''$ West, approximately 100 feet to a point lying on the northeasterly line of Lot 9 of Tract No. 9329, said point being designated as Point H.

That portion of the above described strip of land which extends from Point B to Point C shall be 35 feet wide, lying 20 feet westerly and 15 feet easterly, measured at right angles, from the above described center line.

That portion of the above described strip of land which extends from Point C to Point D shall be 65 feet wide, lying 50 feet westerly and 15 feet easterly, measured at right angles, from the above described center line.

That portion of the above described strip of land which extends from Point D to Point E shall be 65 feet wide, lying 50 feet westerly and 15 feet easterly, measured at right angles, from the above described center line.

88 1576359

That portion of the above described strip of land which extends from Point E to Point F shall be 35 feet wide, lying 20 feet westerly and 15 feet easterly, measured at right angles, from the above described center line.

That portion of the above described strip of land which extends from Point F to Point G shall be 60 feet wide, lying 20 feet westerly and 40 feet easterly, measured at right angles, from the above described center line.

That portion of the above described strip of land which extends from Point G to Point H shall be 35 feet wide, lying 20 feet westerly and 15 feet easterly, measured at right angles, from the above described center line.

The southwesterly side lines of the above described easement are to be prolonged or shortened so as to terminate on the northeasterly line of said Lot 9.

The northerly side lines of the above described easement are to be prolonged or shortened so as to terminate on the northerly property line of Trustor's property.

SCHEDULE A
Chain of Title Guarantee

Order No. 159308129 - 99

Liability: \$1550.00

Fee: \$550.00

1. Name of Assured:
CALMAT COMPANY

2. Date of Guarantee:
SEPTEMBER 9, 1993

The assurances referred to on the face page hereof are:

That, according to those public records which, under the recording laws, impart constructive notice of matters relating to the interest, if any, which was ACQUIRED BY JOHN D. GREGG

pursuant to a GRANT DEED in and to the land described as follows:
SEE ATTACHED DESCRIPTION

Only the following matters appear in such records subsequent to 01-01-40 THROUGH 09-09-93

:

FEE CONVEYANCES ONLY

EXCLUDES EASEMENT AND MINERAL INTERESTS

(SEE EXHIBIT A)

This Guarantee does not cover:

1. Taxes, assessments, and matters related thereto.
2. Instruments, proceedings, or other matters which do not specifically describe said land.

DESCRIPTION

PARCEL 1:

LOTS 8 AND 10 OF TRACT NO. 9329, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 179 PAGES 9 AND 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 12 AND 24 IN BLOCK 18 OF LOS ANGELES LAND AND WATER COMPANY'S SUBDIVISION OF PART OF THE MACLAY RANCHO, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 17 AND 18 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT A

<u>A DOCUMENT ENTITLED</u>	<u>RECORDED</u>	<u>INSTRUMENT NUMBER</u>
GRANT DEED (INFO.)	3-2-34	313
GRANT DEED (INFO.)	9-15-39	583
GRANT DEED	5-5-49	304
GRANT DEED	1-19-62	3703
GRANT DEED	1-19-62	3704
GRANT DEED	11-10-72	4193
GRANT DEED	3-22-73	4181
GRANT DEED	8-3-73	4177
DEVELOPMENTAL LEASE (INFO.)	1-7-75	2214
QUITCLAIM DEED (INFO.)	1-6-76	3296
GRANT DEED	12-23-87	87-2023459
GRANT DEED	9-30-88	88-1576357
GRANT DEED	9-30-88	88-1576358
~	~	~
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~	END	~
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EXHIBIT A

<u>A DOCUMENT ENTITLED</u>	<u>RECORDED</u>	<u>INSTRUMENT NUMBER</u>
GRANT DEED (INFO.)	3-2-34	313
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GRANT DEED	9-30-88	88-1576358
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9436 Glenoaks Blvd.

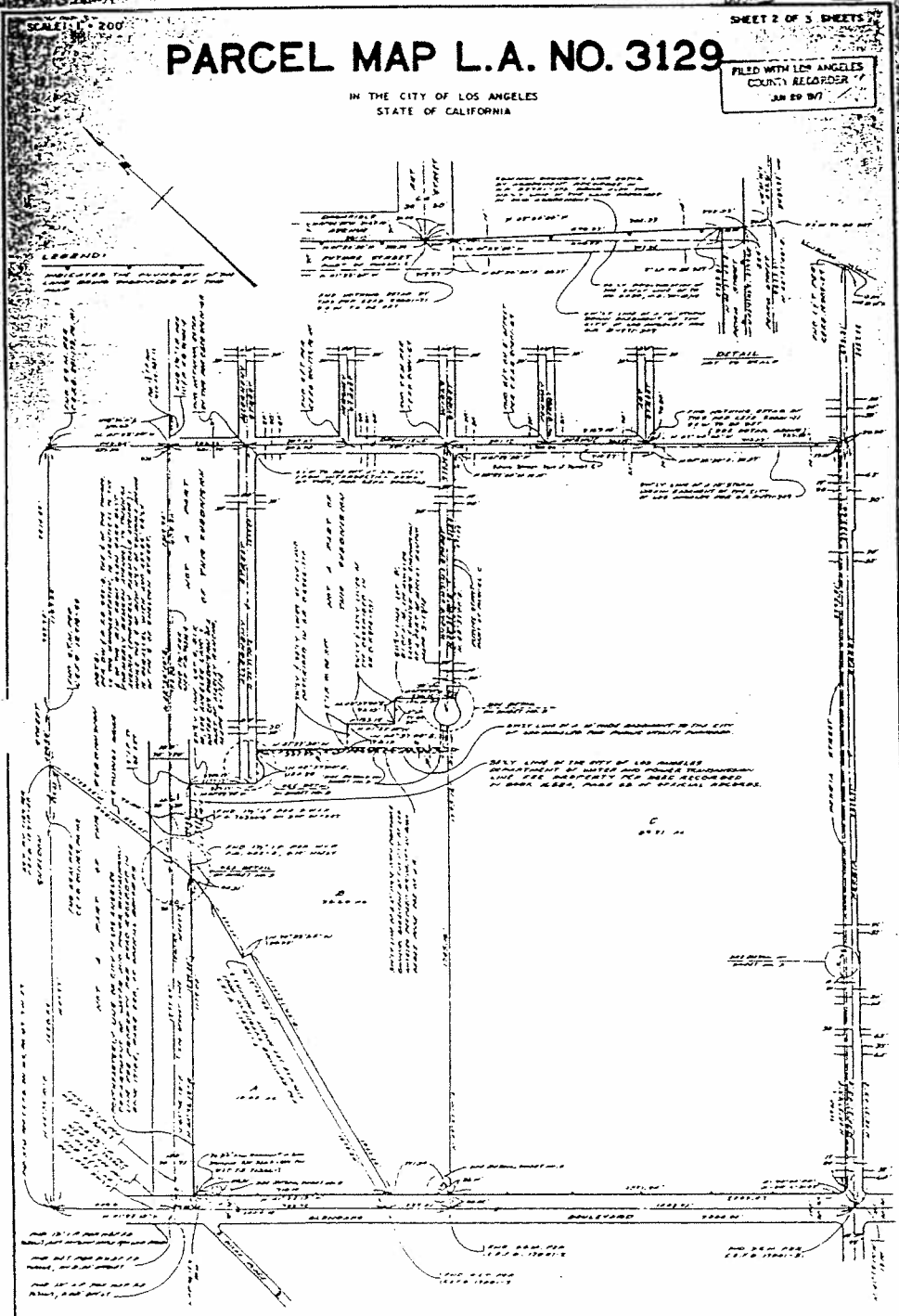
44. Parcel Map for Subdivision Purposes, June 29, 1977
45. Purchase of Fee documenting purchase of parcels 2538-018-020 and 2538-020-01 to 14 (CalMat Pit) by Conrock Company from CPC, January 5, 1979

BOOK 81 PAGE 38

SHEET 2 OF 3 SHEETS

FILED WITH LOS ANGELES
COUNTY RECORDER
JAN 29 1971

IN THE CITY OF LOS ANGELES
STATE OF CALIFORNIA

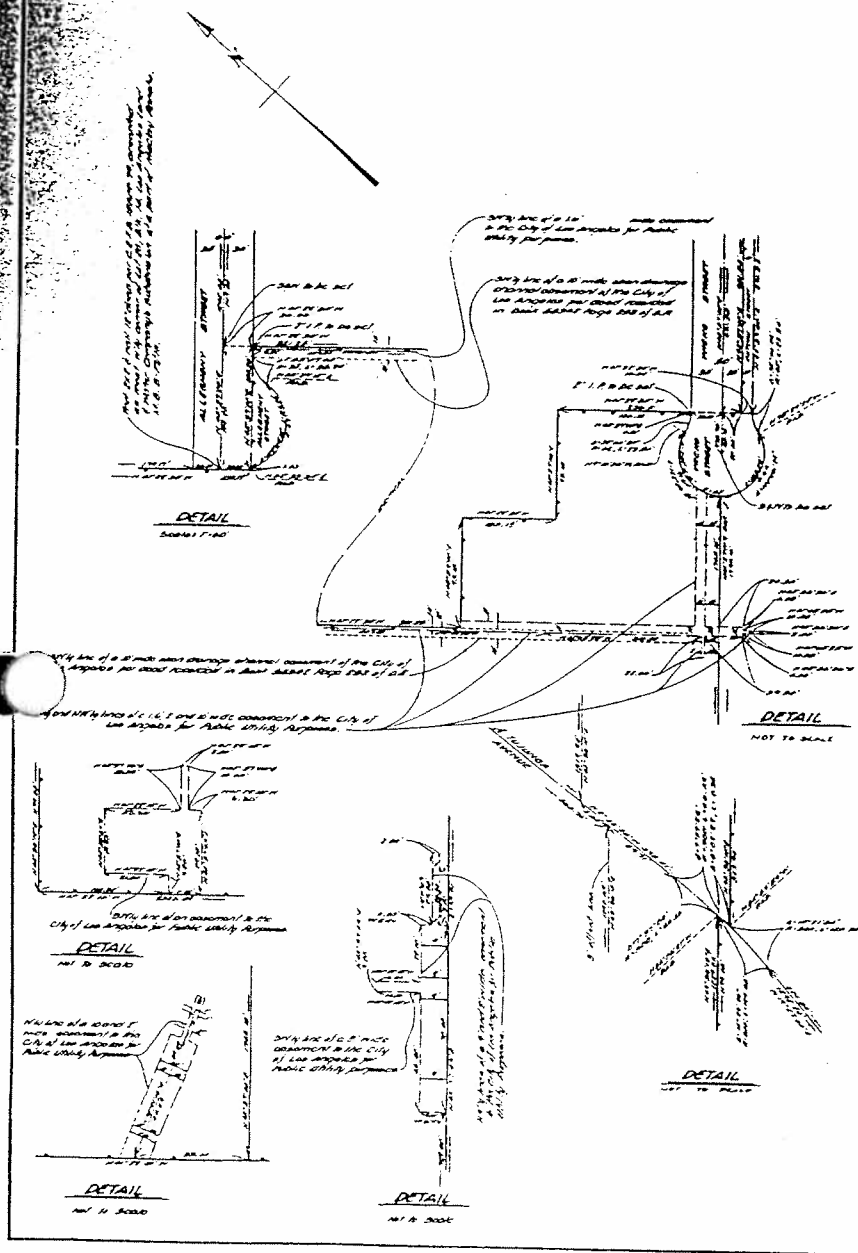


BOOK 91 PAGE 32

SHEET 3 OF 3 SHEETS

FILED WITH LOS ANGELES
COUNTY RECORDER
JUL 29 1977

IN THE CITY OF LOS ANGELES
STATE OF CALIFORNIA



CALIFORNIA PORTLAND CEMENT COMPANY

P. O. BOX 947, COLTON, CALIFORNIA 92324 / TELEPHONE (714) 825-4260



June 7, 1983

WILLIAM J. CONWAY
MANAGER OF PROPERTIES


Mr. Gene R. Block
Vice President and Property
Manager, Conrock Co.
P. O. Box 2950
Los Angeles, CA 90051

Dear Gene:

Enclosed is a quitclaim deed for that small piece of property that somehow wasn't conveyed when Conrock purchased the Sun Valley sand and gravel reserves from us a couple of years ago.

Hopefully, this will put the matter to rest.

Very truly yours,



W. J. Conway

WJC:cy
Enclosure

RECORDING REQUESTED

AND WHEN RECORDED MAIL TO

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO

DOCUMENTARY TRANSFER TAX \$
COMPUTED ON FULL VALUE OF PROPERTY CONVEYED,
OR COMPUTED ON FULL VALUE LESS LIENS AND
ENCUMBRANCES REMAINING AT TIME OF SALE.

Signature of Declarant or Agent determining tax. Firm Name

TO 402 1 CA (7-70)

Quitclaim Deed

THIS FORM FURNISHED BY TITLE INSURANCE AND TRUST COMPANY

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, CALIFORNIA PORTLAND CEMENT COMPANY, a California Corporation

hereby REMISE(S), RELEASE(S) AND FOREVER QUITCLAIM(S) to CONROCK COMPANY, a Delaware Corporation

the following described real property in the City of Los Angeles county of Los Angeles state of California:

A portion of Lot 15, Tract 10627, described as follows:
beginning at the intersection of the northerly line of
Parcel Map 81-37-39, as filed in the Los Angeles County
Recorder's Office, with the easterly line of Lot 15;
thence north on said easterly line to most northerly
corner of said lot; thence 90° westerly from said easterly
line of Lot 15 to the easterly line of Tujunga Avenue
(vacated), 30.0 feet; thence southerly on the center line
of said vacated street to the northwesterly prolongation
of said northerly line of PM 81-37-39; thence northeasterly
thereon to the point of beginning.

Dated June 9, 1983

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } SS.

On June 9, 1983, before me, the under-
signed, a Notary Public in and for said State, personally appeared
David S. Cahn and John L. Frogge,

David S. Cahn, Vice President

John L. Frogge, Secretary

known to me
to be the personS whose nameS are subscribed to the within
instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

Signature Sarah Montoya
Sarah Montoya

Name (Typed or Printed)

If executed by a Corporation the Corporation Form
of Acknowledgment must be used.



(This area for official notarial seal)

Title Order No. Escrow or Loan No.

WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

NAME: Conrock Co., a corporation
 Attention: Silas L. Yount, Vice-Pres.
 200 San Fernando Road
 Los Angeles, Ca. 90051

RECORDED IN OFFICIAL RECORDS
 OF LOS ANGELES COUNTY, CA
 JAN 5 1979 AT 8 A.M.
 Recorder's Office

FEE
 \$3
 N

Order No. 7830285-39 Escrow No. 78138-A

SURVEY MONUMENT FEE \$10. CODE 99
 SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

DOCUMENTARY TAX
 DECLARATION FILED

The undersigned declares that the documentary transfer tax is \$..... and is
☐ computed on the full value of the interest or property conveyed, or is
☐ computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale. The land,
 tenements or realty is located in
☐ unincorporated area ☒ city of Los Angeles and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

CALIFORNIA PORTLAND CEMENT COMPANY,

a corporation organized under the laws of the State of California
 hereby GRANT(S) to

CONROCK CO., a Delaware corporation

the following described real property in the city of Los Angeles
 County of Los Angeles, state of California:

Parcels B and C of Parcel Map No. LA 3129, as per Map filed
 in Book 81 Pages 37 thru 39 inclusive of Parcel Maps, in the
 office of the County Recorder of said County.

CALIFORNIA PORTLAND CEMENT COMPANY,
 a California corporation

Dated November 14th, 1978

David P. Tsonoff
 Vice President

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On November 22, 1978, before me,
 the undersigned, a Notary Public in and for said County and State,
 personally appeared DAVID P. TSONEFF,

known to me to be the Vice President, and
VIRGINIA R. MAGNESS,

known to me to be
 Assistant Secretary of the corporation that executed the within
 instrument, known to me to be the persons who executed the
 within instrument on behalf of the corporation therein named, and
 acknowledged to me that such corporation executed the within
 instrument pursuant to its by-laws or a resolution of its board of
 directors.

Virginia R. Magness
 Asst. Secretary



Sarah Montoya
 Signature of Notary

MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE

Name Street Address City & State

Effective Date
1-5, 1979

F. E. No(s).



CONROCK

CONROCK CO.

Change Notice No.
770

Notice Date
_____, 19__

①	Name of Property: (Seller) California Portland Cement Co. (Lessor)				
	Site Location Cal Mat		Property 003-00-01; 430 & 431		
	City Sun Valley		County Los Angeles		
	Permanent Site No.	Assigned Operating No.	C.R.P. Parcel No(s).	Tax Parcel No(s). Affected	
	003	003	430 & 431	2538-018-0-20 2538-020-01 thru 14	
②	Nature of Change: Purchase of fee			Gross Acres 115+ ac	Calc. By: JW
				Net Ac. (Avail) 115+ ac	
③	Description of Change:				
	Conrock Co. purchased the old Peoria and Pendleton pit (CRP#430) and the new Wicks pit (CRP#431) from California Portland Cement Co.				
④	Brief Property Description (if applicable):				
	see attached map				

Map Attached

Prepared By: Jim West

Property Manager

Gene R. Block

Distribution

For N. E. Horney Use Only

☒ Wm. Jenkins

☒ Area Supv.

☒ M. Riehle

☐ Tom Larson

☒ S. Yount

☒ M. Kerstetter

☐ Property Acctg.

☐ F. Kirk

☐ Special Distribution

☐ G. Vincent

☐ S. Wilcott

Tickler File
Updated

Insurance Req.
In Order

Original Documents Attached for File

MAWHINNEY & ASSOCIATES, INC.
ORANGE COMMERCE CENTER
505 SOUTH MAIN STREET, SUITE 1055
ORANGE, CALIFORNIA 92668 (714) 834-1844

REAL ESTATE APPRAISERS

October 17, 1978

Mr. Silas Yount
Conrock Co.
P.O. Box 2950 Terminal Annex
Los Angeles, CA 90051

Attention: Mr. G. H. Weber, Properties Mgr.

Re: Wicks Street Property

Gentlemen:

Pursuant to your request and authorization, I have made an estimate of the value of the above property predicated upon an analysis of the projected royalty income arising from a sand and gravel extraction operation on the subject property.

The analysis indicates a value of \$3,500,000.

The analysis assumes that the royalty rate is a level one at 35¢ per ton for the first 5 years of operation, and 50¢ per ton for the balance of the operation. The present worth of the income has been discounted at 10%. Added to the present worth of the income stream is an assumed value of \$1,000 per acre for the 24 acre hole to be created by this excavation, plus the 90 acre hole adjacent.

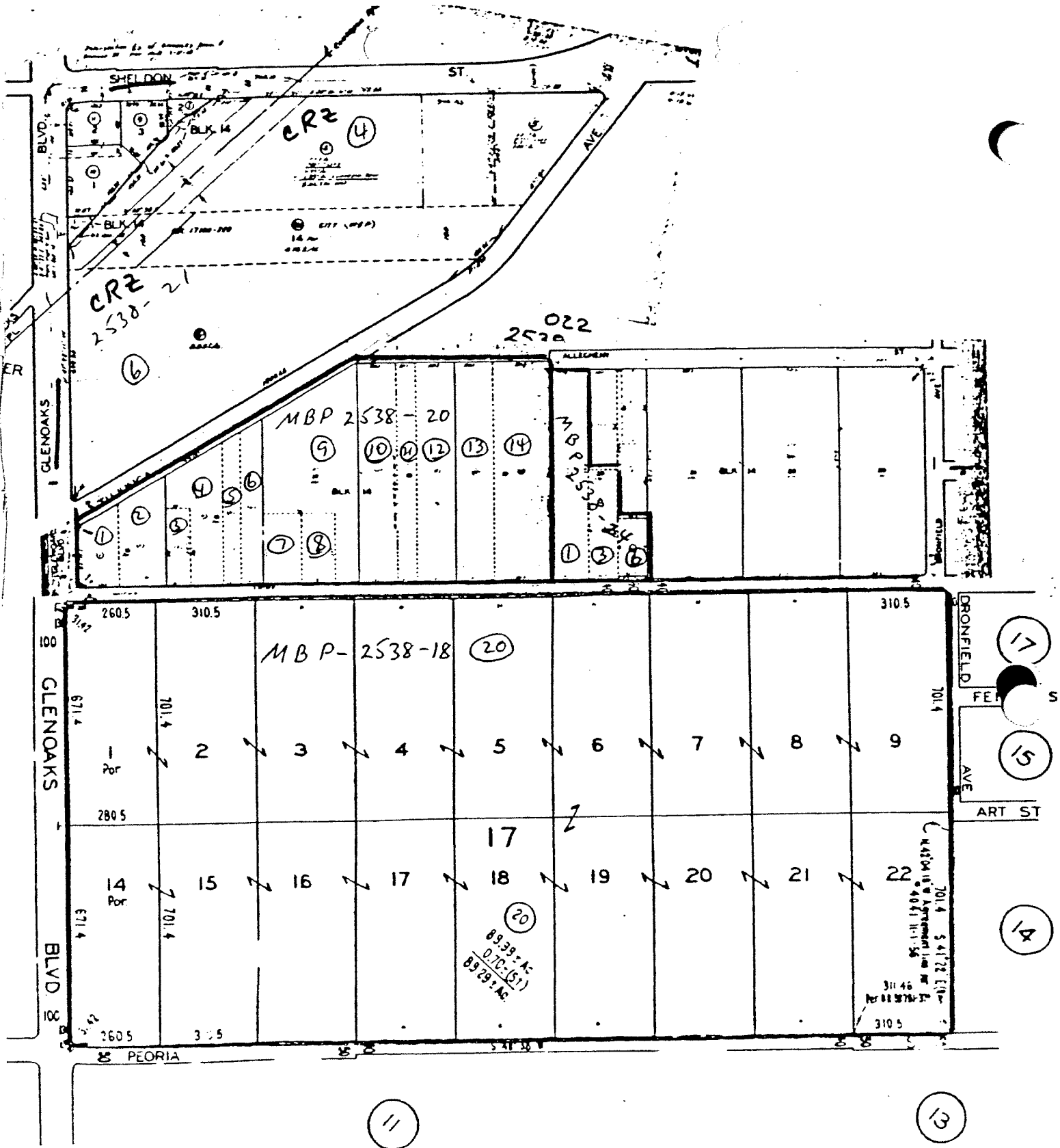
It should be noted that this firm was asked in June of this year to make a similar analysis which resulted in the conclusion that the value of the property predicated upon an analysis of royalty income was in the amount of \$2,750,000. It should be noted, however, that the first study contemplated a much more severe discounting based upon the assumption that extraction would be delayed for 3½ years.

This is to certify that the undersigned has no personal interest in the subject property, nor have I in the past; and that the fee for the Appraisal is in no way contingent upon the value conclusion derived.

Respectfully submitted,
MAWHINNEY & ASSOCIATES, INC.

John R. Mawhinney
John R. Mawhinney, President

JRM:FR



P CO'S
RANCHO

SAFECO

HOME OFFICE

SAFECO TITLE INSURANCE COMPANY
13640 ROSCOE BOULEVARD
PANORAMA CITY, CALIFORNIA 91402

(213) 873-7788

P.O. BOX 2233
LOS ANGELES, CALIFORNIA 90051

January 5, 1979

Conrock Co.
3200 San Fernando Road
Los Angeles, California 90051

Attention: Silas L. Yount, Vice President

Re: Escrow No. 78138-A
California Portland Cement Co. to Conrock Co.

Gentlemen:

Enclosed please find our check no. 12193 in the amount of \$102.94, your refund in the above referenced escrow. Also enclosed is our settlement sheet in duplicate and your 1978 tax bill.

Your recorded deed will be mailed to you directly from the County Recorder's office, and we will mail your policy of Title Insurance as soon as we receive it in escrow.

Thank you for giving us this opportunity to be of service to you. Please do not hesitate to call on us if we can be of further assistance to you.

Very truly yours,



Alma Conover
Escrow Officer

AC:mp

Enclosures (5)



JAN 5 - 1979

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION NOT BE MADE A
PART OF THE PERMANENT RECORD IN THE OFFICE OF THE COUNTY RECORDER

(Pursuant to Section 11932 R&T Code and Section 12 of L.A. County
Ordinance No. 9443, as amended)

To: Registrar-Recorder
County of Los Angeles

Request is hereby made in accordance with the provisions of the
Documentary Transfer Tax Act that the amount of tax due not be
shown on the original document which names:

CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation
(Name of one grantor or lessor)

and

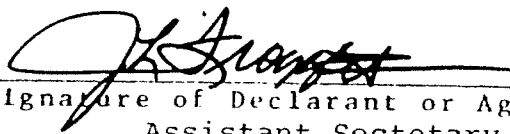
CONROCK CO., a Delaware corporation
(Name of one grantee or lessee)

Property described in the accompanying document is located in
city of Los Angeles
(Show name of city or unincorp.)

The amount of tax due on the accompanying document is \$ 3,850.00.

X Computed on full value of property conveyed

Or computed on full value less liens and
encumbrances remaining at time of sale.


Signature of Declarant or Agent
Assistant Secretary
California Portland Cement Company
Firm name

NOTE: After the permanent record is made, this form will be affixed
to the conveying document and returned with it.

79- 17597



POLICY OF TITLE INSURANCE

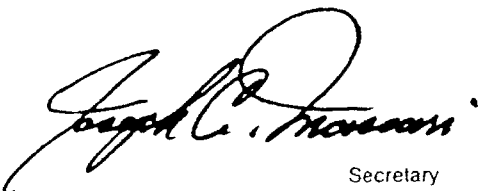
SAFECO TITLE INSURANCE COMPANY

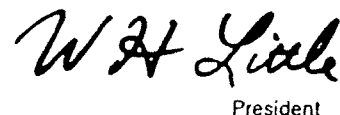
SUBJECT TO SCHEDULE B AND THE CONDITIONS AND STIPULATIONS HEREOF, SAFECO TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures the insured, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by said insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on such title;
3. Unmarketability of such title; or
4. Any lack of the ordinary right of an abutting owner for access to at least one physically open street or highway if the land, in fact, abuts upon one or more such streets or highways;

and in addition, as to an insured lender only:

5. Invalidity of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
 - a. usury, or
 - b. any consumer credit protection or truth in lending law;
6. Priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority; or
7. Invalidity of any assignment of the insured mortgage, provided such assignment is shown in Schedule B.


Secretary


President

SCHEDULE A

Policy No. 7830285-39
Charge \$6,682.25

Amount of Insurance: \$3,500,000.00
Date of Policy: January 5, 1979 at 8:00 a.m.

1. Name of Insured:

CONROCK CO.,
a Delaware corporation

2. The estate or interest in the land described herein and which is covered by this policy is:

A fee

3. The estate or interest referred to herein is at Date of Policy vested in:

CONROCK CO.,
a Delaware corporation

4. The land referred to in this policy is situated in the State of California; County of Los Angeles, and described as follows:

Parcels "B" and "C" of Parcel Map L.A. No. 3129, in the City of Los Angeles, as shown on map filed in Book 81, Pages 37, 38 and 39 of Parcel Maps, in the office of the County Recorder of said County.

SCHEDULE B

This policy does not insure against loss or damage, nor against costs, attorneys' fees or expenses, any or all of which arise by reason of the following:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water.
6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule A, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.
7. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
8. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records.
9. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not shown by the public records and not otherwise excluded from coverage but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had been a purchaser or encumbrancer for value without knowledge.

(Schedule B continued on next page of this Policy)

PART II

1. General and special County and City taxes for the fiscal year 1978-1979 including personal property taxes, if any:

a. Amounts currently assessed:

Total	:	\$3,070.70
First Installment	:	1,535.35 Paid
Personal Property Taxes	:	None
Second Installment	:	1,535.35

Code	:	13
Parcel	:	2538-24-11

b. See Attachment A for additional tax information.

2. General and special County and City taxes for the fiscal year 1978-1979 including personal property taxes, if any:

a. Amounts currently assessed:

Total	:	\$8,893.65
First Installment	:	4,446.83 Paid
Personal Property Taxes	:	None
Second Installment	:	4,446.82

Code	:	13
Parcel	:	2538-24-10

b. See Attachment A for additional tax information.

3. A right of way affecting Lots 15, 16 and 17, Block 14 and affecting Lots 3 to 9 in Block 17 for pipe line 10 or more inches in diameter over that portion of Los Angeles Land and Water Compnay's subdivision of a part of the Maclay Rancho, commencing at the Northwest corner of Lot 1, in Block 13 of said subdivision and running thence in a straight line in a general Easterly direction to a point in the Easterly line of Lot 25 in Block 17 of said subdivision, 500 feet Northerly from the Southerly corner of said Lot 25, reserved in the deed from Los Angeles Land and Water Company, recorded April 5,, 1912, in Book 4985, Parcel 1 of Deeds.

Affects: Portion of Parcels B and C

4. An easement for pipe lines and incidental purposes as provided in the deed recorded in Book 6287, Page 277, and in Book 6509, Page 312, both of Deeds.

Affects: Portion of Parcel C

5. An agreement affecting Lot 17 of Block 17 and Lot 4 of Block 19 by the City of Los Angeles and the record owner whereby said permits said owner to operate a conveyor belt across the street between said Lots and other rights subject to the conditions and provisions therein, recorded January 3, 1956, in Book 49944, Page 194, Official Records.

Affects: Portions of Parcel C

6. An easement for pipe lines and incidental purposes in favor of Southern California Gas Company, a corporation, as provided in the deed recorded in Book 52246, Page 282, of Official Records.

Affects: A portion of Parcel C

7. The effect of an agreement and deed as to Lot 22 of Block 17 regarding the establishment of a correct Northeast boundary of said Lot, executed by California Materials Company, recorded November 1, 1956, in Book 52751, Page 372, Official Records.

Affects: Parcel C

8. The effect of an agreement for the construction and operation of a conveyor belt for transporting rock and gravel through a tunnel under streets adjoining from the Southeasterly 100 feet of the Southwesterly 100 feet of the Southwesterly 100 feet of said Lot 14 of Block 17 to a portion of Lot 12 of Block 18, said agreement being executed by City of Los Angeles and California Materials Company, a corporation, recorded October 28, 1958, in Book M-144, Page 773, Official Records.

Affects: Parcel C

9. The right to improve, construct and maintain Glenoaks Boulevard between Tujunga Avenue and Tuxford Street, in accordance with, to the grades, in the manner and within the limits shown on plan and profile No. P-20033, on file in the Office of the City Engineer of the City of Los Angeles, as condemned by the City of Los Angeles in the decree, recorded August 8, 1960, in Book D937, Page 982, of Official Records.

Affects: Parcels B and C

10. A lease, affecting the premises herein stated, executed by and between the parties named herein, for the term and upon the terms and provisions therein provided,

Type of Lease	:	commercial
Dated	:	January 1, 1962
Lessor	:	Bancroft Associates
Lessee	:	California Materials Company
Term	:	as therein provided

Recorded : January 4, 1962, in Book M-925, Page 934, Official
Records
Affects : Those portions of said land described as follows:

Lot 1 to 9 inclusive and Lots 15 to 22 inclusive in Block 17 of said subdivision except the Southwesterly 30 feet of said Lot 1, and also except that portion of said Lot 1 described as follows:

Beginning at the most Westerly corner of said Lot 1; thence Northeasterly along the Northwesterly line of said Lot 1, a distance of 30 feet to the true point of beginning of this description, thence continuing along said Northwesterly line of said Lot 1, 20 feet; thence Southeasterly at right angles to the Northwesterly line of said Lot 1, 10 feet to the beginning of a tangent curve concave Easterly having a radius of 20 feet; thence Southerly along said curve 31.42 feet to a point, said point being distant 30 feet measured at right angles from the Southwesterly line of said Lot 1; thence Northwesterly parallel with said Southwesterly line 30 feet to the true point of beginning.

Also all of Lot 14 in Block 17 of said subdivision except the Southeasterly 40 feet of the Southwesterly 155 feet of the Northwesterly 321.4 feet thereof and the Northwesterly 140 feet of the Southeasterly 560 feet thereof.

Also except the Southwesterly 30 feet of said Lot 14, and that portion of said Lot 14 described as follows:

Beginning at the most Southerly corner of said Lot 14; thence Northeasterly along the Southeasterly line of said Lot 14 a distance of 30 feet to the true point of beginning of this description; thence continuing along said Southeasterly line of said Lot 14, 20 feet; thence Northwesterly at right angles to said Southeasterly line of Lot 14; 10 feet to the beginning of a tangent curve concave Northerly having a radius of 20 feet; thence Westerly along said curve 31.42 feet to a point, said point being distant 30 feet measured at right angles from the Southwesterly line of said lot 14; thence Southeasterly parallel with said Southwesterly line 30 feet to the true point of beginning.

Said lease also covers other lands.

Said lease, among other things, provides for an option to renew for a period of : 10 years

No assurance is made as to the present ownership of said leasehold or matters affecting the rights or interest of the lessor or lessee in said lease.

Said lease affects Parcel C.

11. An easement for public utilities as shown on or dedicated by the map of of Parcel Map NO. 3129.

Affects: Portions of Parcels B and C

12. The provisions of the dedication statement on the map of Parcel Map No. 3129, which offer for public use portions of Parcel C, for future street or alley and restrict the use thereof.

13. An easement for public storm drain in favor of City of Los Angeles as condemned by Final Decree of Condemnation in the Los Angeles County Superior Court, Case No. 786234, a certified copy of which was recorded March 28, 1963, in Book D-1971, Page 349, Official Records.

Affects: The Northeasterly 10 feet of Lot 22 and the Northeasterly 10 feet of the Southeasterly 30 feet of Lot 9, both in Block 17 of the Los Angeles Land and Water Co's Subdivision

Said easement affects Parcel C.

14. An irrevocable offer to dedicate to City of Los Angeles an easement over The Sutheasterly 10 feet of Northeasterly 93.15 feet of Lot 20, Block 14 of Los Angeles Land and Water Co's Subdivision of said land for public street and highway purposes recorded September 23, 1963, as Instrument No. 5418.

Said easement affects Parcel B.

15. A document entitled "Permit" dated March 15, 1973, executed by and between the City of Los Angeles, a municipal corporation and Conrock Co., a corporation, recorded June 14, 1974, as Instrument No. 3997, subject to the covenant and conditons as therein set forth.

16. An easement for aerial and underground communication structures and incidental purposes in favor of The Pacific Telephone and Telegraph Company, a corporation, as provided in the deed recorded February 9, 1977, as Instrument No. 77-141082.

Affects: Lot 15 to 19 inclusive, Block 14, Los Angeles Land and Water Co's Subdividison of a part of Maclay Rancho and the Northwesterly twenty-five (25) feet of Wicks Street lying Southeasterly of and abutting the Northwesterly line of said lots, block and tract are shown on map recorded in Book 3 at Pages 17 and 18 of Maps, in the office of the County Recorder of Los Angeles County.

The above described easement shall be located on said Northwesterly twenty-five (25) feet of Wicks Street.

The rights herein granted over said Lots 15 to 19 inclusive is limited to the right of ingress to and egress from said Wicks Street.

Said easement affects Parcel B.

17. An easement for underground communication structures and incidental purposes in favor of The Pacific Telephone and Telegraph Company, a corporation, as provided in the deed recorded February 9, 1977, as Instrument No. 77-141083.

Affects: Lot 22, Block 17, Los Angeles Land and Water Co's Subdivision of a part of Maclay Rancho as said Lot, Block and Tract are shown on map recorded in Book 3, at Pages 17 and 18 of Maps, in the office of the County Recorder of Los Angeles County.

The above described easement shall be located on the Southwesterly thirty (30) feet of the Northeasterly forty (40) feet of said Lot 22

Said easement affects Parcel C.

18. An easement for pole lines and incidental purposes in favor of Southern California Gas Company, a corporation, as provided in the deed recorded March 24, 1978, as Instrument No. 78-310487.

Affects: That portion of Parcel B of Parcel Map 3129 as shown on map recorded in Book 81, Pages 37 to 39 inclusive of Parcel Maps, in the office of the County Recorder of said County, being a strip of land 10 feet in width lying Northeasterly and adjacent to the Southwesterly line of a 10 foot easement shown on said Parcel Map 3129 and described thereon as a 10 foot drainage channel easement of the City of Los Angeles, described in deed recorded in Book 58342, Page 252, of Official Records of said County

19. An easement for a 10 foot wide open drainage channel as shown on or dedicated by the map of Parcel Map No. 3129.

Affects: A portion of Parcel B

ATTACHMENT A

b. Amounts that may hereafter be assessed:

(1) Upon a determination that property on the 1975 tax bill was not assessed to the 1975-1976 tax levels.

(2) Upon a determination that a change of ownership, purchase, or new construction has occurred after March 1, 1975 and prior to March 1, 1978.

(3) Upon a final judgment that Article XIII A of the California Constitution (PROPOSITION 13 approved at the primary election held June 6, 1978) has been improperly applied.

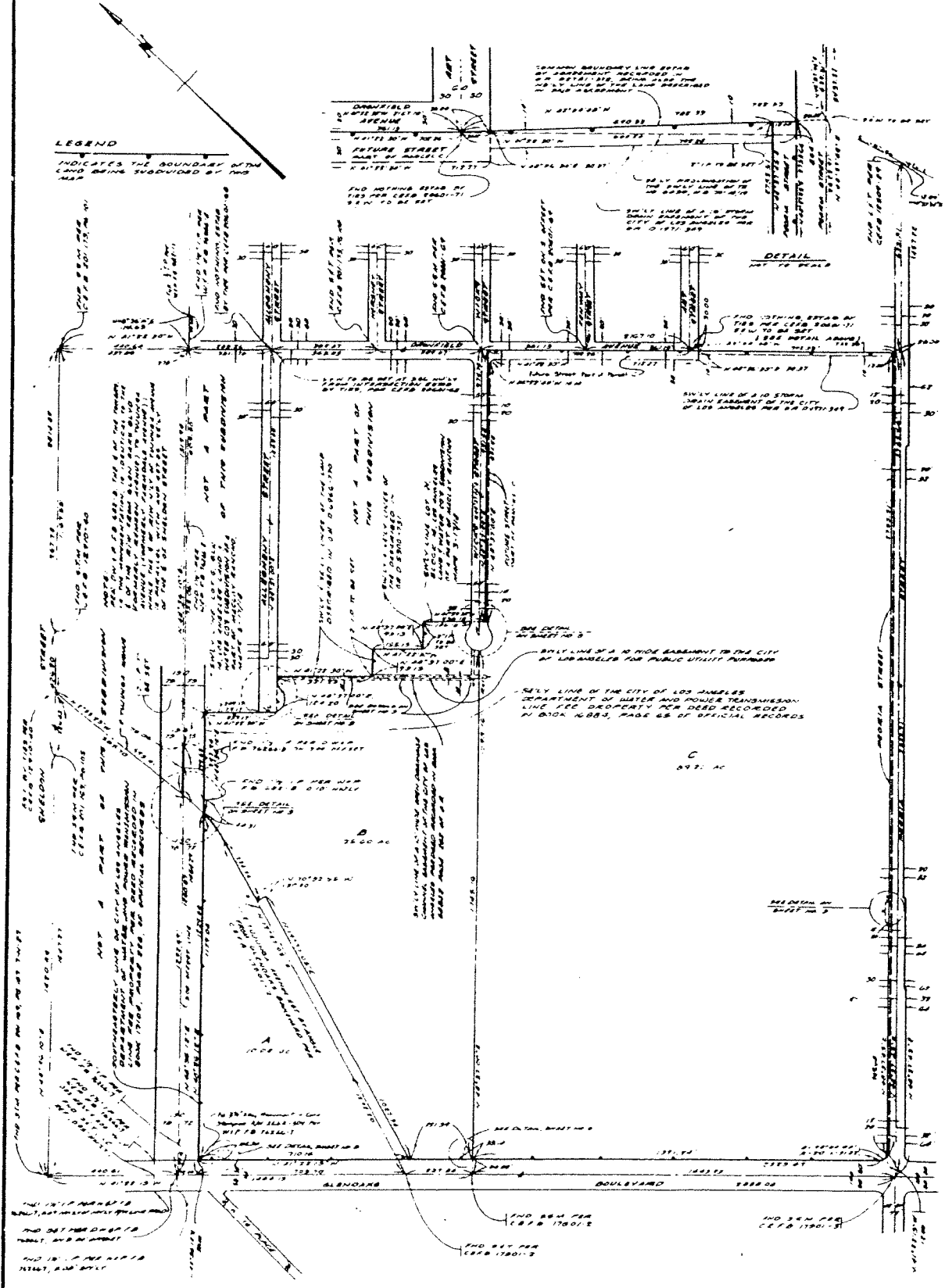
01/33

SCALE: 1" = 200'

PARCEL MAP L.A. NO. 3129

IN THE CITY OF LOS ANGELES
STATE OF CALIFORNIA

FILED WITH LOS ANGELES
COUNTY RECORDER
JUN 29 1911



CONDITIONS AND STIPULATIONS (Continued and Concluded From Reverse Side of Policy Face)

5. Options to Pay or Otherwise Settle Claims and Options to Purchase Indebtedness

The Company shall have the option to pay or otherwise settle for or in the name of an insured claimant any claim insured against, or to terminate all liability and obligations of the Company hereunder by paying or tendering payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred up to the time of such payment or tender of payment by the insured claimant and authorized by the Company. In case loss or damage is claimed under this policy by the owner of the indebtedness secured by the insured mortgage, the Company shall have the further option to purchase such indebtedness for the amount owing thereon together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay. If the Company offers to purchase said indebtedness as herein provided, the owner of such indebtedness shall transfer and assign said indebtedness and the mortgage and any collateral securing the same to the Company upon payment therefor as herein provided. Upon such offer being made by the Company, all liability and obligations of the Company hereunder to the owner of the indebtedness secured by said insured mortgage, other than the obligation to purchase said indebtedness pursuant to this paragraph, are terminated.

6. Determination and Payment of Loss

(a) The liability of the Company under this policy shall in no case exceed the least of:

(i) the actual loss of the insured claimant; or

(ii) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in paragraph 2(a) hereof; or

(iii) If this policy insures the owner of the indebtedness secured by the insured mortgage, and provided said owner is the insured claimant, the amount of the unpaid principal of said indebtedness, plus interest thereon, provided such amount shall not include any additional principal indebtedness created subsequent to Date of Policy, except as to amounts advanced to protect the lien of the insured mortgage and secured thereby.

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorneys' fees and expenses in litigation carried on by such insured with the written authorization of the Company.

(c) When the amount of loss or damage has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

7. Limitation of Liability

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes

such defect, lien or encumbrance or establishes the title, or the lien of the insured mortgage, as insured, within a reasonable time after receipt of such notice; (b) in the event of litigation until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured, as provided in paragraph 3 hereof; or (c) for liability voluntarily admitted or assumed by an insured without written consent of the Company.

8. Reduction of Insurance; Termination of Liability

All payments under this policy, except payment made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto; provided, however, if the owner of the indebtedness secured by the insured mortgage is an insured hereunder, then such payments, prior to the acquisition of title to said estate or interest as provided in paragraph 2(a) of these Conditions and Stipulations, shall not reduce pro tanto the amount of the insurance afforded hereunder as to any such insured, except to the extent that such payments reduce the amount of the indebtedness secured by such mortgage.

Payment in full by any person or voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured owner of the indebtedness secured by the insured mortgage, except as provided in paragraph 2(a) hereof.

9. Liability Noncumulative

It is expressly understood that the amount of insurance under this policy, as to the insured owner of the estate or interest or interest covered by this policy, shall be reduced by any amount the Company may pay under any policy insuring (a) a mortgage shown or referred to in Schedule B hereof which is a lien on the estate or interest covered by this policy, or (b) a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy. The Company shall have the option to apply to the payment of any such mortgage any amount that otherwise would be payable hereunder to the insured owner of the estate or interest covered by this policy and the amount so paid shall be deemed a payment under this policy to said insured owner.

The provisions of this paragraph 9 shall not apply to an owner of the indebtedness secured by the insured mortgage, unless such insured acquires title to said estate or interest in satisfaction of said indebtedness or any part thereof.

10. Subrogation Upon Payment or Settlement

Whenever the Company shall have paid or settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant, except that the owner of the indebtedness secured by the insured mortgage may release or substitute the personal liability of any debtor or guarantor, or extend or other-

wise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness, provided such act occurs prior to receipt by such insured of notice of any claim of title or interest adverse to the title to the estate or interest or the priority of the lien of the insured mortgage and does not result in any loss of priority of the lien of the insured mortgage. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and the Company is hereby authorized and empowered to sue, compromise or settle in its name or in the name of the insured to the full extent of the loss sustained by the Company. If requested by the Company, the insured shall execute any and all documents to evidence the within subrogation. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss, but such subrogation shall be in subordination to an insured mortgage. If loss should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall as to such insured claimant be required to pay only that part of the losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

11. Liability Limited to this Policy

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company.

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby, or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy.

No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company.

12. Notices, Where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at the office which issued this policy or to its Home Office, 13640 Roscoe Blvd., Panorama City, California 91409.

13. THE CHARGE SPECIFIED IN SCHEDULE A IS THE ENTIRE CHARGE FOR TITLE SEARCH, TITLE EXAMINATION AND TITLE INSURANCE.

7361 Laurel Canyon Blvd.

46. Continuation Guarantee of Insurance for Consumers Rock and Gravel Company and Thomas M Todd, February 5, 1920
47. Purchase of Lankershim Lands from Thomas M. Todd, February 22, 1923
48. Grant Deed to Consumers Rock and Gravel Company, dated October 11, 1923
49. Lease between Consolidated Rock Product Co. and Los Angeles By Producers Co., Hewitt Landfill, Effective between November 19, 1962 and July 18, 1972, Dated December 5, 1962
50. Letter Containing Amendments to Hewitt Pit Lease Dated December 5, 1964, Letter Dated April 13, 1964
51. Amendment to Consolidated Rock - Los Angeles By-Products Company Lease, December 8, 1966
52. Letter Requesting Extension of Lease by Los Angeles By-Products Company, July 2, 1971
53. Estoppel Certificate for Lease between Conrock Company and Livingston-Graham, Incorporated, June 1, 1983
54. Month to Month Tenancy Agreement By and Between Cal Mat Company and J.S.J. Equipment Rentals January 25, 1986
55. Month to Month Tenancy Agreement between Cal Mat and Wimsatt Concrete Incorporated, June 1, 1987
56. Lease By and Between Cal Mat Company and Desmonds Studio Production Services, Former Hewitt Landfill, June 1, 1987
57. Lease By and Between Cal Mat Company and Rent-A-Piece, Incorporated, June 1, 1987
58. Lease By and Between Cal Mat Company and L.A. Auto Salvage, Incorporated, Former Hewitt Landfill, June 1, 1987
59. Rent Agreement between Cal Mat Properties and Los Angeles Auto Salvage, May 5, 1989
60. License Agreement between Cal Mat Company and Los Angeles Auto Salvage, May 10, 1989

61. Lease By and Between Cal Mat Company and Desmonds Studio Production Services, Former Hewitt Landfill, June 22, 1990
62. Amendment to Lease By and Between Cal Mat Company and Desmonds Studio Production Services, July 16, 1990
63. Tenancy Agreement between Cal Mat Properties and Don Pomerantz, March 1, 1993
64. Amendment to Lease between Cal Mat Properties and L.A. Auto Salvage, Incorporated, April 1, 1993
65. New Lease Agreement between Cal Mat Company and Desmonds Studio Production Services, June 1, 1994
66. Lease between Cal Mat and Insurance Auto Auction, June 1, 1994
67. Lease By and Between Cal Mat Company and Desmonds Studio Production Services, Former Hewitt Landfill, August 10, 1994
68. New Lease Agreement between Cal Mat and Desmonds Studio Production Services, October 1, 1996
69. Lease By and Between Cal Mat Company and Desmonds Studio Production Services, Former Hewitt Landfill, December 24, 1996
70. Consent of Cal Mat Company for Sublease between Insurance Auto Auctions and Allstate Insurance Company, December 11, 1997
71. Form of Future Vehicle Inspection Center Sublease between Insurance Auto Auctions and Allstate Insurance Company, Former Hewitt Landfill, December 11, 1997
72. Sublease between Cal Mat Company and Insurance Auto Auctions, March 1, 1999
73. Sublease by and between Insurance Auto Auctions, as Sublessor and Absolute Towing, March 1, 1999
74. Termination of Lease between Cal Mat and Desmonds Studio Production Services, September 20, 2001
75. Lease Synopsis Laurel Canyon Holdings, Internal memorandum with Rent Value data, Former Hewitt Landfill, LLC, Dated December 18, 2001
76. Assignment and Assumption Agreement between Cal Mat Properties and Laurel Canyon Holdings, LLC, Former Hewitt Landfill, December 22, 2001

77. Lease By and Between Cal Mat Properties Company and Laurel Canyon Holdings, LLC. , December 22, 2001
78. First Amendment to Lease between Cal Mat and Laurel Canyon Holdings, Former Hewitt Landfill, LLC, June 15, 2006
79. Consent, Non-Disturbance, and Attainment Agreement among Cal Mat Company and Laurel Canyon Holdings, LLC. And Insurance Auto Auctions, Former Hewitt Landfill, June 15, 2006
80. Air Quality Monitoring Reports, Former Hewitt Landfill, Various Dates (on CD)

M. T. F.
check

CAPITAL STOCK \$ 500,000.00



No. 222729

Continuation Guaranteer

M37-8

Issued for the sole benefit and protection of **Consumers Rock & Gravel Company and Thomas M. Todd.**
(Any incumbrance shown in the preceding guarantee not mentioned in this has been satisfied of record.)

After an examination of the official records of the City of Los Angeles, and County of Los Angeles, State of California, except those hereinafter mentioned, and of the official records of the Federal Offices located at Los Angeles, that are of date subsequent to the Fifth day of February, 1920 at 8:30 A. M., in relation to the title of that certain tract of land hereinafter described, in continuance of a guarantee of title of the above date made by Title Insurance and Trust Company, (but without any examination of said records prior thereto and without any liability for the correctness or incorrectness of said guarantee) the

Los Angeles Title Insurance Company

corporation organized and existing under the laws of the State of California and having its office and place of business in the City of Los Angeles, County of Los Angeles, State of California

Hereby Guarantees

in a sum not to exceed **Thirty-one Thousand Five Hundred (\$31,500.00) - Dollars** that said title as it appears from said records subsequent to said date is vested in

CONSUMERS ROCK & GRAVEL COMPANY
a corporation.

FREE OF INCUMBRANCES

Except 1st: Taxes of the fiscal year 1923-24, including State Franchise Tax of Consumers Rock & Gravel Company, a corporation, a lien.

2nd: Second installment of taxes of the fiscal year 1922-23, \$169.50. Assessment No. 160565.

3rd: A right of way for construction, maintenance

fifteen (15) acres thereof, being a strip one hundred (100) feet wide, as condemned by final decree had in Case No. 38538, Superior Court, a certified copy thereof being recorded in Book 1607, Page 83 of Deeds.

4th: A mortgage executed by Consumers Rock & Gravel Company, a corporation, to secure their three (3) notes (and all renewals and all extensions thereof) aggregating Twenty-one Thousand Dollars (\$21,000.00) being for Seven Thousand Dollars (\$7000.00) each, dated February 19th, 1923, Payable on or before February 1st, 1924, February 1st, 1925 and February 1st, 1926, with interest at seven per cent (7%) per annum from February 1st, 1923, payable semi-annually, in favor of Thomas M. Todd. Said mortgage recites that it secures additional loans not to exceed \$_____.

Filed for record April 13th, 1923.

DESCRIPTION

The East twenty-five (25) acres of Lot Forty-nine (49) and all of Lot Fifty (50) of the Lankershim Ranch Land and Water Company's Subdivision of the East Twelve Hundred (1200) acres of the South half of the Rancho Ex-Mission of San Fernando, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 31, Page 39 et seq., Miscellaneous Records of said County, excepting from said Lot Fifty (50) a strip of land one hundred (100) feet wide and crossing the East fifteen (15) acres of said Lot from East to West as deeded to the Southern Pacific Railroad Company, by deeds recorded in Book 1574, Page 113 in Book 1576, Page 222 and in Book 1603, Page 239 of Deeds, Records of said County.

NOTE: The lands above described have been subdivided and

This Guaranteer does not Include an Examination of, or Report on,

1. Assessments, taxes, charges or incumbrances created or levied by any local district or City in said County or proceedings for municipal or district improvements involving local or special assessments, unless the same is shown as a lien by the official records of Los Angeles County, or the official records of Los Angeles City.
2. Any action, order or ordinance of any governmental agency creating or dealing with zones or restricting or controlling the use or occupancy of the above described property or any part thereof.
3. The validity or legality of tax sales, assessments, attachments, leases, easements, declarations of homestead or money judgments if any are mentioned in this guarantee.
4. Existing roads, mining locations, water locations or matters relating thereto or reservations contained in Letters Patent.

In Testimony Whereof, the Los Angeles Title Insurance Company has caused this Guarantee to be duly signed by its President and attested by its ~~Assistant~~ Secretary under its corporate seal this **Thirteenth** day of **April, 1923**
at **8:30 A.** **M.**

Los Angeles Title Insurance Company.

By

Sam A. Thornton
President

4240
ALFRED W. ALLEN

ATTORNEY AT LAW

425 CENTRAL BUILDING

LOS ANGELES, CAL.

February 22nd, 1923.

Consumers Rock & Gravel Co.,
1900 East 26th St.,
City.

Gentlemen;

Herewith find copy, prepared for certification,
of the resolution of directors authorizing the purchase of
Lankershim lands ^{from} ~~for~~ Thomas M. Todd. This paper should be
dated and signed by the secretary and corporate seal af-
fixed. It should then be placed in the escrow where the
transfer of title is being handled. I believe Frank has
that information, that is escrow number etc., so that you
can send it in by mail if you so desire.

Truly yours,

Alfred W. Allen

Grant Deed

We, Fred W. Heatherly and Louise E. Heatherly, husband and wife,

in consideration of Ten DOLLARS

to us in hand paid, receipt of which is hereby acknowledged, do hereby

Grant to Consumers Rock & Gravel Company, a corporation organized and existing under the laws of the State of California, and having its principal office and place of business at the City of Los Angeles, in said State,

the real property in the City of Los Angeles,

County of Los Angeles, State of California, described as

All of Tract No. 6982 as per map recorded in Book 77, page 75 of Maps, in the office of the County Recorder of said County, said property having heretofore been described as all of Tract No. 2920, as per map recorded in Book 37, page 8 of Maps, in the office of the County Recorder of said County.

The above property was, on July 11th, 1923, conveyed to said Fred W. Heatherly for the purpose of vesting the record title in him in order to facilitate the making, platting and recording of the new sub-division mentioned above as Tract No. 6982, and said title is by this deed re-vested in Consumers Rock & Gravel Company. The consideration for so passing title by this deed is less than \$200.00.

To Have and to Hold to said grantee, its successors and assigns.

Witness our hands this 11th day of October, 1923.

Fred W. Heatherly
Louise E. Heatherly

State of California } ss.
County of Los Angeles }

On this 11th day of October, 1923, before me

.....Duane Davis.....a Notary Public in and for said
County, personally appeared.....Fred W. Heatherly and Louise E. Heatherly,
husband and wife,.....

known to me to be the person~~s~~ whose name~~s~~ are subscribed to the foregoing instrument and acknowledged that ~~t~~he~~y~~ executed the same.

Witness my hand and Official Seal.

Diane Harris
Notary Public in and for the County of Los Angeles, State of California

Grant Deed

INDIVIDUAL

Fred W. Heatherly, et. ux.

TO

Consumers Rock & Gravel Co.

Dated October 11th 1923

**Title Insurance and
Trust Company**
Title Insurance Building
Los Angeles, California

Order No.

When recorded please mail this deed to

Consumers Rock & Gravel Co.

2600 So. Alameda St.,

Los Angeles, Cal.

مجلس

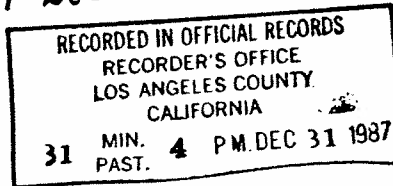
#37.

[illegible]

COPIES REQUESTED BY

WILLIS T. SURANCE COMPANY
MAIL THIS DEED AND, UNLESS OTHER
MAIL TAX STATEMENTS TO:

87-2062562



Co.
Fernando Road
Los Angeles, CA 90065
Legal Dept.

Escrow No. 87-66268-1

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

FEE \$27	L
A.F.N.F.	2

Declarant declares that the documentary transfer tax is \$ 440⁰⁰ and is
on the full value of the interest or property conveyed, or is
on the full value less the value of liens or encumbrances remaining thereon at the time of sale. The land,
if any, is located in
unincorporated area ☐ city of _____ and 44

VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
CALMAT CO.

organized under the laws of the State of Delaware
(S) to

2. ACCOMMODATION COMPANY, a California corporation,

described real property in the
Los Angeles

, state of California:

described in Exhibit "A" attached hereto and incorporated
herein.

December 24, 1987

CALIFORNIA

SS.

LOS ANGELES

4th day of December 19 87

undersigned, a Notary Public in and for said County and
appeared M. J. Kerstetter

known to me or proved to me on the basis of satisfactory
evidence that _____
Executive Vice President, and
Scott J. Wilcott personally known to me or

known to me or proved to me on the basis of satisfactory
evidence that _____
personally known to me or
known to me or proved to me on the basis of satisfactory
evidence that _____
personally known to me or
known to me or proved to me on the basis of satisfactory
evidence that _____
personally known to me or
known to me or proved to me on the basis of satisfactory
evidence that _____
personally known to me or

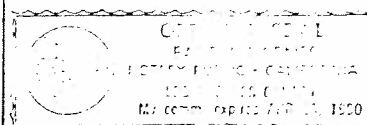
G. Barnes
Signature of Notary

CALMAT CO.

By M. J. Kerstetter
Executive Vice President

By Scott J. Wilcott
Secretary

FOR NOTARY SEAL OR STAMP



L E A S E

This lease, made and entered into this 5th day of December, 1962 by and between ~~CONSOLIDATED ROCK~~ PRODUCTS CO., a Delaware corporation, hereinafter called "Lessor," and LOS ANGELES BY-PRODUCTS CO., a California corporation, hereinafter called "Lessee":

W I T N E S S E T H:

In consideration of the rents reserved and of the covenants made, Lessor hereby leases to Lessee and Lessee hires from Lessor the premises in Los Angeles County, State of California, which are more particularly described in Exhibit "A" attached hereto and made a part hereof.

1. TERM: The term of this lease shall commence as of November 19, 1962 and end on July 18, 1972.

If, on July 18, 1972, the premises are not filled to finished grade level set by a permit to be issued by the Los Angeles Board of Public Works governing this operation (hereinafter called "Finished Grade"), Lessee may at its option renew the lease for a term of five (5) years to run from July 18, 1972 to July 18, 1977. In case of renewal, the same rents and other lease provisions will remain in force as were controlling in the last year of the original lease. This option must be exercised by giving written notice to Lessor before January 18, 1972.

Either of the parties hereto may terminate this lease by giving to the other party thirty (30) days' written

notice thereof promptly given, if the Lessor shall have become entitled to, as rental hereunder, no more than the minimum monthly rental herein provided for a period of any six (6) consecutive months.

Lessee may terminate this lease upon thirty (30) days' written notice to the Lessor under the following circumstances:

(a) If Lessee is unable to conduct its contemplated operations hereunder because needed permits are revoked, cannot be obtained, or cannot be renewed or because any needed alteration in zoning cannot be obtained; or

(b) If any law, ordinance or regulation of any Governmental body prohibits the use of combustible material for fill of the property, or any part thereof, covered by this lease; or

(c) If any law, ordinance or regulation of any Governmental body so adversely affects Lessee's filling operations hereunder that a continuation of such operations results in a loss of money from said operations for any six (6) months period commencing January 1 or July 1 of any year within the term hereof; or

(d) If a Governmental instrumentality begins to operate a disposal facility in such competition with Lessee that Lessee loses money from the operations contemplated hereunder for any six (6) months' period commencing January 1 or July 1 of any year within the term hereof.

2. RENTAL: The zoning variance which allows the contemplated filling operations hereunder requires as a condition thereof that Parcel A be maintained and operated for the exclusive use of licensed rubbish collection, grading or earth hauling contractors or Governmental agencies and be filled before Parcel B may be utilized by the general public and for that reason the payment of the rental for Parcel A shall not commence until, under the terms of the zoning variance, Parcel B may be commenced to be filled. Therefore, the rental for the filling operations authorized hereunder shall be paid in the following manner:

(a) No payments (except for the minimum rental provided below) shall be made until under the grant of zone variance then in effect, Parcel B may be commenced to be filled without the restrictions set forth in Condition No. 12 of the Grant of Zone Variance now in effect and filling has commenced on Parcel B.

(b) When each cubic yard is filled in Parcel B throughout the term hereof there shall be a payment of twenty (20) cents of which sixteen (16) cents shall be in payment of the royalty on that yard and four (4) cents shall be in payment of the royalty on the fill theretofore made by Lessee in Parcel A; provided, however, that in no event shall the royalty rent payable by Lessee to Lessor under this paragraph 2(b) be less than the product of twenty (20) cents times the total number of cubic yards capacity of Parcel B, determined in conformity with paragraph 5 hereof.

Commencing three (3) years from the time the first cubic yard in Parcel B is filled, Lessee shall pay an additional ten cents (10¢) for each cubic yard which is thereafter filled in Parcel B.

Lessee shall commence to pay a monthly minimum rental of Two Thousand Five Hundred Dollars (\$2,500.00) (with a credit allowed for the above described payments) when (1) filling operations on Parcel B may be commenced without the restrictions set forth in the aforementioned Condition No. 12, or (2) this lease has been in force for five (5) years, whichever occurs first. If this obligation to pay commences on a day other than the first of a calendar month, this amount will be prorated according to the days of the month in which the lease is in force.

If the lease is terminated before all of Parcel B has been filled, Lessee shall have no duty to pay Lessor for those yards filled in Parcel A which have not already been paid for in the manner described in 2(b) above.

All amounts owed hereunder shall be paid monthly on or before the 20th day of the calendar month following the month in which the rental accrued.

3. USE OF PROPERTY: Lessee shall have the right to use the property covered by this lease and available for filling under the provisions of this lease solely for dumping and filling operations.

Lessee shall not use the demised premises nor permit the same to be used for any unlawful purposes, and shall at all times maintain them and conduct its operations in such a manner as to conform to all laws, ordinances and regulations of

any governmental body applying thereto. Lessee may use as fill only such material as is allowable and acceptable under (a) a duly authorized permit of the Board of Public Works of the City of Los Angeles, and (b) all laws, ordinances, rules and regulations applicable thereto. Lessee agrees to comply with this permit in all its particulars.

Lessee shall exert every reasonable effort to the end that the pit on said property shall be filled as soon as possible with fill which meets the requirements of this paragraph 3; provided, however, that filling operations on Parcel B need not be commenced until Parcel A has been filled to Finished Grade. Lessee agrees not to conduct dumping operations at any other site within a radius of ten (10) statute miles from the center of the demised premises, except for the filling operations now or hereafter conducted on Lessor's property which lies on the northwest corner of the intersection of Tujunga Avenue and Strathern Street in Los Angeles. As further consideration for the obligations of Lessee hereunder, Lessor covenants and agrees that no property of Lessor within said ten (10) mile radius shall be used for dumping or filling operations by anyone other than Lessee except the property of Lessor located in the vicinity of Branford Street and San Fernando Road.

4. ZONING PERMITS AND CONTEMPLATED OPERATIONS: The parties hereto understand that Lessee must obtain a permit of the Board of Public Works of the City of Los Angeles to conduct its contemplated operations on the demised premises. The parties understand that Parcel A is zoned R-1, R-2 and R-4, and that Parcel B is zoned M-2. They further understand that under such zoning Lessee may conduct its contemplated operations under the

present Findings and Determination in Case No. 16017 of Mr. Jack Bauer, Associate Zoning Administrator, dated April 11, 1962, as modified by the Board of Zoning Appeals in Case No. 1288 dated July 19, 1962. Lessee has read said documents and relies solely on its own interpretation thereof.

Lessor agrees to execute all documents and do everything reasonably necessary to enable Lessee to obtain zone changes, variances and permits which may become necessary to Lessee's operations. Lessee understands it must obtain a permit of the Board of Public Works to conduct its operations. Lessee shall pay all costs of obtaining these.

5. CAPACITY DETERMINATIONS AND ADJUSTMENTS OF RENTALS:

A determination of the capacity of the demised premises in cubic yards is being made by Harman Rasnow & Associates, licensed land surveyors, located at 21318 Dumetz Road, Woodland Hills, California. It is agreed that the determination of said surveyor as to the capacity of Parcels A and B separately shall be accepted by both parties hereto as final and binding on both of them for the purpose of computing the royalty rent to become due under this lease. Inasmuch as the rental hereunder is payable monthly, and is based upon the number of cubic yards of space filled each month by Lessee, it is agreed that:

(a) Within sixty (60) days after the first one (1) year anniversary of the commencement of filling in Parcel B, and after each succeeding one (1) year anniversary, a determination will be made of the number of cubic yards of space which has been filled during such one-year period and an adjustment will be made on the rental which has been paid for such one-year period.

The parties hereto will appoint a person who will be qualified to calculate the amount of space actually filled, using the aforesaid original capacity figure for the first calculation and thereafter using the capacity figure determined for each additional area. From said figures a recalculation will be made of the rental due for such one-year period, as against the rental actually paid for such period. If an underpayment by Lessee shall result therefrom, then Lessee shall pay such underpayment, in addition to the next monthly rental due. If an overpayment by Lessee should result therefrom, then Lessee shall deduct the same from the next monthly rental. If the overpayment is in excess of such next monthly rental due, then such excess shall be deducted from the next monthly rental, and so on, until the whole amount of the overpayment has been deducted.

If the parties are unable to agree upon such person to calculate the amount of space actually filled, then either party may request the President of the Los Angeles Chapter of the American Society of Civil Engineers to appoint a person who will be qualified to make such calculation, and who will send his conclusion in writing to Lessor and Lessee, and his conclusion shall be accepted as final by both parties.

(b) Within sixty (60) days after the expiration of the term hereof or any other termination, a calculation of the amount of space actually filled which shall not have been previously calculated shall be made in the same manner as set forth in subparagraph (a), and a recalculation of rental due shall be made with respect thereto. If there has been an overpayment of rental, Lessor shall

reimburse Lessee therefor, and if there has been an underpayment Lessee shall reimburse Lessor. The obligation of this subparagraph shall continue after the expiration of the term hereof or any other termination, until payment is made in adjustment of rental as herein provided.

Either party may, at its own expense, by written notice to the other party, require that any one or more monthly computations of rental shall be made in the same manner as hereinabove provided for annual computations.

All costs and expenses of the annual computations provided in this paragraph 5 shall be borne equally by Lessor and Lessee.

(c) After Lessee has paid a rental for the filling of the number of cubic yards of material in Parcels A and B in accordance with the determination of said surveyor as above provided, Lessee shall, during the term hereof, have the right, without paying a further rental of any kind, to continue to fill in Parcel B until the entire parcel is up to the Finished Grade level specified in the permit issued by the Los Angeles Department of Public Works governing this operation. ✓

6. PUBLIC UTILITIES: In addition to the rental hereinabove reserved, Lessee shall pay, before delinquency, all charges for water, gas, heat, electricity, power and any and all other similar charges for public utilities which may accrue with respect to the demised premises by reason of the occupancy thereof by Lessee during the term of this lease.

7. TAXES AND ASSESSMENTS: Lessee shall pay when due all taxes and assessments (a) levied or assessed upon property belonging to Lessee located upon or used in connection with the demised premises, and (b) on Parcels A and B. to the extent the

same represent an increase over and above the taxes on this property for the taxable year 1962-63, if such increases result from increases in the assessed valuation of said property. Such increases resulting alone from increases in the tax rate shall be paid by Lessor. If Lessor's tax bill shall include taxes which Lessee is obligated to pay, it will notify Lessee in writing and Lessee shall reimburse Lessor for the same. The parties understand and agree that for the tax year 1962-63 the assessed value of Parcels A and B is \$201,000.00, and the tax rate is 8.4255.

8. INDEMNITY-PUBLIC LIABILITY & PROPERTY DAMAGE

INSURANCE: Lessee covenants to indemnify and save Lessor harmless and free from and against any and all liabilities, penalties, damages, expenses (including reasonable attorneys' fees), costs, loss and judgments arising from the death or injury to persons or damage to property of any nature occasioned wholly or in part by any act or acts, omission or omissions of Lessee or the employees, visitors, agents or guests of Lessee, and for any matter, cause or thing growing out of or by reason of the occupation of said property by Lessee.

At all times during the term of this lease, Lessee shall obtain and thereafter maintain in full force and effect, at Lessee's own cost and expense, policies of insurance in amounts, companies and form subject to the reasonable approval of Lessor, with Lessor and Lessee as the assured thereunder as their respective interests may appear, providing insurance as follows:

W. C. S.
 JMB
 \$1,000,000 (a) Public liability insurance in the sum of
 \$500,000 to any single person and in the aggregate sum

QNB
ces
7m

\$ 1,000,000

of ~~\$500,000~~ on account of any single accident against any and all risks and liability for death of or injury to persons in any way growing out of or resulting from the use of said property; and

172 Neal QNB
7m

(b) Property damage insurance payable in the sum of ~~\$250,000~~ ^{\$ 500,000} against any and all risks and liabilities for loss of or damage to the property of third persons, including the results of fire originating upon, or communicated to said property, and thereafter communicated to the premises and property of third persons in any way growing out of or resulting from the use of the property covered by this lease, or from the operations of Lessee upon said property.

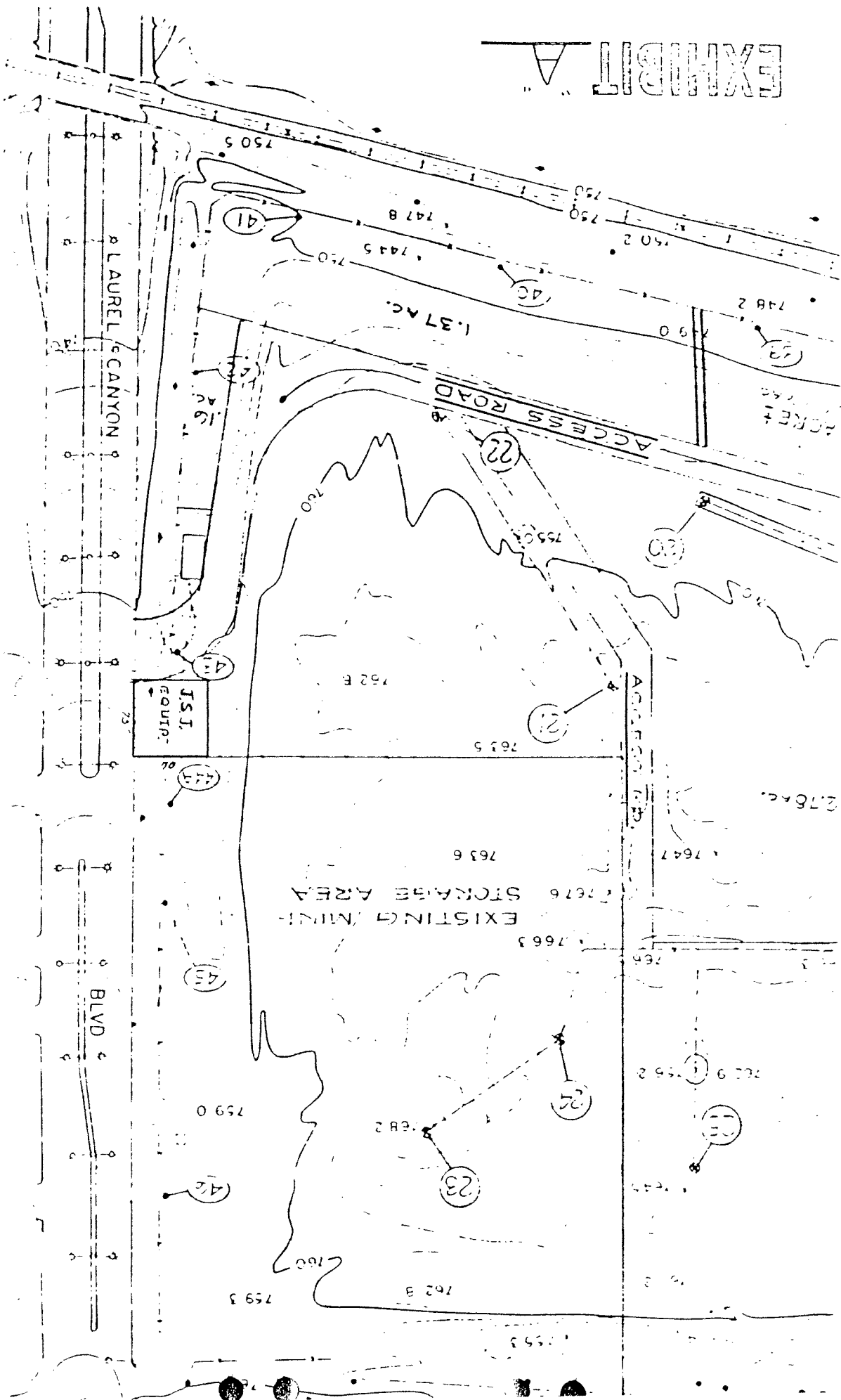
Lessee shall have the right without procuring separate policies to include the above stated coverage in any of its general policies, but only if:

- (a) This is done by endorsement; and
- (b) This endorsement clearly shows that Lessor is so insured; and
- (c) This endorsement specifically refers to this lease; and
- (d) This endorsement states that neither it nor the policy of which it is a part can be cancelled by the issuing company without thirty (30) days' prior written notice to Lessor.

Lessee will furnish Lessor with a certificate of this policy or endorsement.

9. LIENS: Lessee agrees to and hereby does indemnify Lessor and save Lessor harmless from all liens and claims of

EXHIBIT A



Los Angeles By-Products Co.

CABLE "BYPRO" BENTLEY
1810 EAST 25TH STREET
Los Angeles 58, California
ADAMS 34175

April 13, 1964

21-11-26

Consolidated Rock Products Co.
P. O. Box 2950, Terminal Annex
Los Angeles, California 90054

Attention: Mr. S. L. Yount, Chief Engineer

Gentlemen:

This letter will confirm our understanding with respect to amending that certain Lease dated December 5, 1964, between us, commonly referred to as the "Hewitt Pit Lease". Said Lease is hereby amended as follows:

- (a) That we will pay to you a royalty of twenty cents (20¢) per cubic yard for each cubic yard filled in Parcel "A" or Parcel "B" as referred to in the above-mentioned Lease; and
- (b) This royalty rate of 20¢ shall commence as of December 1, 1963, and shall continue for a period of three (3) years, ending November 30, 1966.

All of the above is upon the condition that we conduct our operations upon said property under the present operating permit from the Board of Public Works of the City of Los Angeles. In the event of the failure of said condition, this amendment shall cease and terminate and be of no effect and our royalty shall be such as originally called for in said Lease.

Very truly yours,

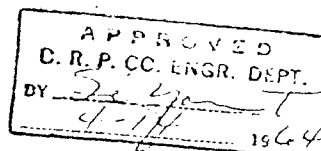
LOS ANGELES BY-PRODUCTS CO.

By: [Signature] President
By: [Signature] Secretary

AGREED:

CONSOLIDATED ROCK PRODUCTS CO.

By: [Signature]
Q.W. Best, President
By: [Signature]
S.F. Whaley, Secretary



CONSOLIDATED ROCK PRODUCTS CO.

Hewitt Property



P.O. BOX 2950 TERMINAL ANNEX · LOS ANGELES, CALIF. 90054
GENERAL OFFICES: 2730 S. ALAMEDA ST. · (213) ADAMS 3-3111

RECEIVED

DEC 13 1966

December 8, 1966

LOS ANGELES BY-PRODUCTS CO.

Los Angeles By-Products Co.
1810 East 25th Street
Los Angeles, California 90058

0230701

Attention: Mr. Carl Sexton

Re: Amendment to Consolidated Rock -
Los Angeles By-Products Co. Lease
Dated December 5, 1964 - Hewitt
Pit Lease

Gentlemen:

This will confirm our oral agreement amending the referenced lease and letter amendment of April 13, 1964. Paragraph 2 of said lease, pertaining to rental, is further amended as follows:

- (a) Los Angeles By-Products Co. shall pay a royalty rent of twenty-five cents (25¢) per cubic yard for each cubic yard filled in parcels "A" and/or "B", referred to in said lease, beginning December 1, 1966 and shall continue for a period of three (3) months, ending February 28, 1967.
- (b) Commencing March 1, 1967 and continuing until July 18, 1972 the royalty rent shall be thirty cents (30¢) per cubic yard filled in parcels "A" and/or "B".

Except as hereinabove provided, said lease, as amended by said letter dated April 13, 1964, shall remain in full force and effect.

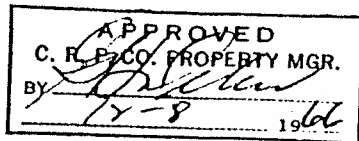
Page Two
December 8, 1966



If this letter fairly states the intent and substance of our agreement, please indicate your acceptance and approval in the appropriate space provided and return the original copy for our files. The duplicate is for your records.

Very truly yours,

CONSOLIDATED ROCK PRODUCTS CO.



By [signature]
Quentin W. Best, President

By [signature]
S. F. Whaley, Secretary

Approved and Agreed:

Date Dec 13, 1966

Los Angeles By-Products Co.

By [signature]
President

By [signature]
Secretary

Los Angeles By-Products Co.

1810 EAST 25TH STREET

Los Angeles, California 90058

233-4175

*file
Hewitt Pit*

July 2, 1971

Consolidated Rock Products Co.
2730 South Alameda
Los Angeles, California 90058

Attention: Mr. G. H. Weber
Properties Manager

Gentlemen:

The lease dated December 5, 1962 between Consolidated Rock Products Co. and Los Angeles By-Products Co., covering your Hewitt Pit property, will expire July 18, 1972. Section 1 of the lease grants an option to Los Angeles By-Products Co. to extend the lease for an additional five years if the pit is not completely filled by the end of the original term.

Based on the current rate of fill, we estimate that filling will continue to July 1, 1975.

Please accept this letter as notice of our desire to extend the lease, as provided in Section 1.

This property is being operated under a Zone Variance granted to Consolidated Rock Products Co. for a period of ten years, which will expire July 19, 1972. I would suggest that action be taken without further delay to extend this Zone Variance through June 1975.

The Zone Variance on the Penrose Pit will expire October 19, 1972, and I believe it would also be in order at this time to apply for an extension of this Zone Variance for an additional ten years.

If we can be of assistance in any way in connection with the extension of the above-mentioned Zone Variances, please let us know. We will cooperate in every way possible.

Very truly yours,

C. C. Sexton
C. C. Sexton
President

CCS:bs



CONROCK

LEASE DATA SHEET

SITE LOCATION NAME
HEWITT

X

LEASE TO

LEASE FROM

OPERATING PERMIT

NATURE OF
AGREEMENT

LEASE

NAME (TENANT)
~~KWADEN~~

Los Angeles By-Products Co.

ADDRESS 1810 East 25th St

CITY Los Angeles, Ca. 90058

PHONE (213) 233-4175

PROPERTY DESCRIPTION:

PARCEL NO. 023-068 & 069

Lot 2 and a portion of Lot 1 Tract No. 6982, M.R. 77-75, and portions of
Lots 48 & 49 of the Lankershim Ranch Land M.R. 31-39.

USE: Dumping & Filling Operations

TERM	BEGIN	ENDING	RENT	DUE DATE	DEPOSIT
10 Year	11-19-62	7-18-77	\$ *45¢/cu.yd. 2,500 min/mo.	20th/mo.	\$ None

TAXES:

Tenant to pay all personal property taxes and increases in real property taxes
over the base year 1962-63 due to increases in assessed valuation but not due to
increases in tax rate

TAX PARCEL
NUMBER: 2307-022-003BASE RATE
8.4255BASE YEAR
1962-63Assessed
BASE AMT
\$ valuation
201,000

OPTION: Five (5) year option exercised by letter dated 7-2-71 effective
7-18-72

INSURANCE

PUBLIC LIABILITY		PROPERTY DAMAGE
\$ 1,000,000/person	\$ 1,000,000/accident	\$ 500,000

SPECIAL INS. PROVISIONS OR REQUIREMENTS:

SPECIAL CONDITIONS AND/OR CONSIDERATIONS:

* Increase in rental from 30¢ per cu. yd. to 45¢ per cu. yd. effective 6-1-72

DATE	PREPARED BY	PROPERTY MANAGER	COUNTERSIGNED
6-6-72	R. A. D. H.	J. R. P.	None

June 1, 1972

C. C. Sexton, President
Los Angeles By-Products Co.
1810 East 25th Street
Los Angeles, California 90058

Dear Carl:

I have enclosed for your approval amendments to the Hewitt and Penrose leases.

In order to expedite execution of these documents, I am having them hand delivered. If the amendments meet with your approval, kindly have one of the enclosed copies of each amendment signed and returned to us and we shall then execute the original of each and forward them to you. The other copies are for your file.

Very truly yours,

Byron P. Weintz, President

BPW:mjh
encls.

CONSOLIDATED ROCK PRODUCTS CO.



P.O. BOX 2950 TERMINAL ANNEX - LOS ANGELES, CALIF. 90054
GENERAL OFFICES: 2730 S. ALAMEDA STREET - (213) 233-3111

May 26, 1972

Los Angeles By-Products Co.
1810 East 25th Street
Los Angeles, California 90058

Re: Amendment to Consolidated Rock Products Co. -
Los Angeles By-Products Co. Lease dated
December 5, 1962, amended November 27, 1963,
April 13, 1964 and December 8, 1966. (Hewitt)

Gentlemen:

This letter will confirm our oral agreement further amending the subject lease. Paragraph 2 is hereby amended to increase the royalty rate from .30¢ per cubic yard to .45¢ per cubic yard commencing June 1, 1972, and to continue through December 31, 1972. It is understood and agreed that unless the subject lease is further amended, the royalty rate shall revert to .30¢ per cubic yard on January 1, 1973.

Except as herein provided, all other terms and conditions of the subject lease shall remain in full force and effect.

If you agree to the above amendment, please sign the enclosed copy at the place indicated and return the same to us.

Very truly yours,

CONROCK CO., formerly known as
CONSOLIDATED ROCK PRODUCTS CO.

By [Signature], and
President

[Signature]
Vice President - Secretary

Approved and agreed to
this 1st day of June, 1972

LOS ANGELES BY-PRODUCTS CO.

By [Signature] President and

[Signature] Vice-President

INTER OFFICE MEMORANDUM



CONROCK

LEASE DATA SHEET

SITE LOCATION NAME

HEWITT

X

LEASE TO

LEASE FROM

OPERATING PERMIT

NATURE OF
AGREEMENT LEASE

NAME (TENANT)

~~XXXXXXXX~~

L. A. By Products

ADDRESS

1810 East 25th Street

CITY

Los Angeles, Ca. 90058

PHONE (213) 233-4175

PROPERTY DESCRIPTION:

PARCEL NO. 023-068 and 069

Lot 2 and portion of Lot 1, Tract 6982, M.R. 77-75, and portions of Lots 48 & 49
of the Lankershim Ranch Land J. R. 31-39

USE:

TERM	BEGIN	ENDING	RENT	DUE DATE	DEPOSIT
10 yr.	11-19-162	7-18-77	\$ 45¢ cu.yd. 2,500 min/mo	20th	\$ None

TAXES:

Tenant to pay all personal property taxes and increases in real property taxes over the
base year 1962-63, due to increases in tax rate.

TAX PARCEL

NUMBER: 2307 - 022-003

Base Rate

8.4255

BASE YEAR

62-63

LEASE AMOUNT

\$

OPTION:

5 Year option exercised by letter of 12-15-72. Effective 12-26-74

INSURANCE

PUBLIC LIABILITY

\$ 1,000,000/person

\$ 1,000,000/accident

PROPERTY DAMAGE

\$ 500,000

SPECIAL INS. PROVISIONS OR REQUIREMENTS:

SPECIAL CONDITIONS AND/OR CONSIDERATIONS:

Royalty reverts back to 30¢ per cu. yd. when Penrose lease is cancelled.

DATE	PREPARED BY	PROPERTY MANAGER	CHANGE NOTICE #
9/18/74	<i>[Signature]</i>		

Hewitt



CONROCK CO.

3200 SAN FERNANDO ROAD / P.O. BOX 2950 / LOS ANGELES, CALIFORNIA 90051 / (213) 258-2777

December 15, 1972

Los Angeles By-Products Co.
1810 East 25th Street
Los Angeles, California 90058

RE: Amendment to Consolidated Rock Products
Co. - Los Angeles By-Products Co. Lease
Dated December 5, 1962, Amended November
27, 1963, April 13, 1964 and December 8,
1966 and Letter Amendment Dated May 26,
1972. (Hewitt)

Gentlemen:

This letter will confirm our oral agreement further amending the subject lease. Paragraph 2 is hereby amended to increase the royalty rate from 30¢ per cubic yard to 45¢ per cubic yard commencing June 1, 1972, and to continue for an indefinite term concurrent with the term of the lease on the Penrose Pit. It is understood and agreed that unless the subject lease is further amended, the royalty rate shall revert to 30¢ per cubic yard upon the effective date of cancellation, by either party, of the Penrose Lease.

Except as herein provided, all other terms and conditions of the subject lease shall remain in full force and effect.

If you agree to the above amendment, please sign the enclosed copy at the place indicated and return the same to us.

Very truly yours,

Approved and Agreed to
this 21st day of

LOS ANGELES BY-PRODUCTS CO.

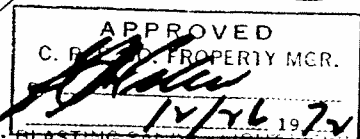
C. Sexton
President

CONROCK CO., formerly known as
Consolidated Rock Products Co.



[Signature]
PRESIDENT

[Signature]
SECRETARY



La, Calif

21-11-76

January 16, 1963

Consolidated Rock Products Co.
2730 South Alameda Street
Los Angeles 58, California

Gentlemen:

On December 5, 1962, we entered into a Lease agreement with you covering your Hewitt Pit. We have not yet taken possession of the property covered by that Lease and, at this time, we can not determine the exact date when we will commence filling operations covering such property. We are writing you this letter to confirm the further understanding which we have between us.

At the time said Lease was signed, we agreed to allow certain contractors who have your permission to deposit solid fill in the area of the property covered by said Lease which has been excavated below the anticipated high water level. We reserve the right at any time to request that such dumping be discontinued.

Until such dumping has been discontinued and we actually take possession of the property covered by said Lease however, it is our understanding that we will be relieved of and from all of the provisions contained in Article 8 of said Lease and that for and during such time you agree to indemnify and save us harmless and free from and against any and all liabilities, penalties, damages, expenses (including reasonable attorneys' fees), costs, loss and judgments arising from the death or injury to persons or damage to property of any nature occasioned wholly or in part by your act or acts, omission or omissions, or your employees, visitors, agents or guests, or the aforementioned contractors.

If the above expressly sets forth our understanding, will you please so signify by signing and returning to us the enclosed copy of this letter.

LOS ANGELES BY-PRODUCTS CO.

By: _____

SO AGREED AND UNDERSTOOD:

DATED: February 1, 1963

CONSOLIDATED ROCK PRODUCTS CO.

By: *G. W. Best*

G. W. Best, President

INTER OFFICE MEMORANDUM

CONSOLIDATED ROCK PRODUCTS CO.

9-740

TO

Mr. S. F. Whaley

DATE May 22, 1963

SUBJECT

HEWITT DUMP - REQUEST FOR \$575. TO COVER REFUNDABLE
CASH BOND

FROM

S. L. Yount *SLY*

FILE REF.

This bond is required by the City of Los Angeles to insure them that we, as developers of the tract, will establish thereon the required survey monuments. These monuments will have to be established by private surveyors at our direction after the filling operation is completed. At that time this will be refundable, but it is many years hence.

The Engineering Department of the City of Los Angeles estimates the cost of the installation of these monuments and the bond is in accordance with this estimate.

1. Bill 1.8
2. Finance *AW*
3. *make notes 12/6/62*



INTER OFFICE MEMORANDUM

TO

G. H. Weber *Mr. Weintz*

DATE July 28, 1977

SUBJECT

Hewitt--Department of Water and Power

FROM

John R. Knight *JP*

FILE REF.

L.A. By-Products is in need of electrical service for their gas recovery system. Attached is a License agreement giving D.W.P. permission to set poles from the 30 foot established right-of-way to L.A. By-Products system. The attached map shows pole line.

This is a revocable agreement and will not be recorded.

Please have executed and return to me.

OK
6/28/77
O.K. (Se)
7-29-77

(213) 481-~~4000~~

5941



STEVE HANSEN

DEPARTMENT OF WATER & POWER
CITY OF LOS ANGELES
ROOM 1203, 111 NORTH HOPE ST.
LOS ANGELES, CA 90031

AND DIVISION

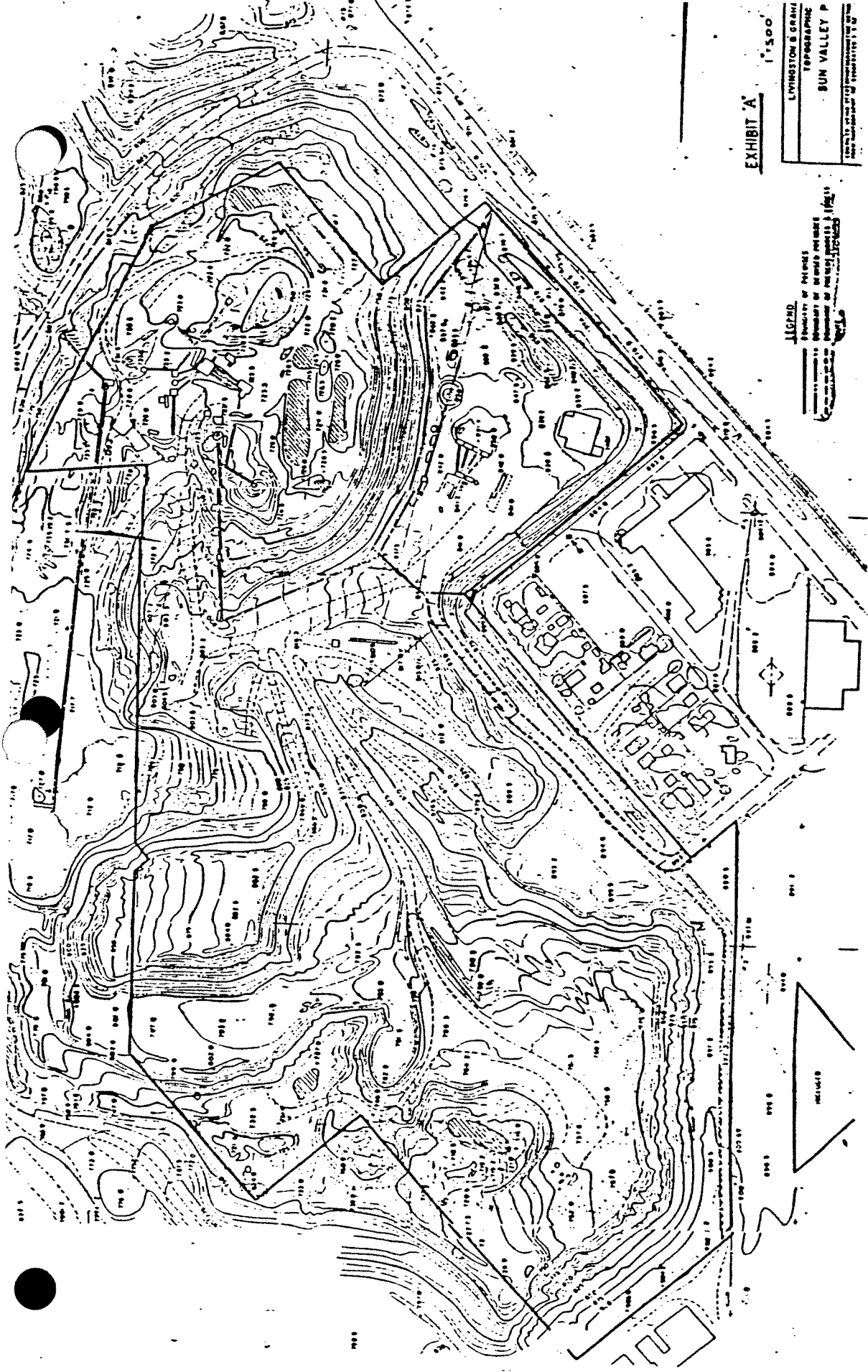


EXHIBIT 'A'

1:500
LIVINGSTON & GRAHAM
TOPOGRAPHIC
SUN VALLEY P
SUN VALLEY P
SUN VALLEY P

LEGEND
Contour lines
Roads
Buildings
SUN VALLEY P
SUN VALLEY P
SUN VALLEY P

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated June 1, 1983, by and between Lessee and Conrock Co. as Lessor, for the premises located at (see the topographical map attached as Exhibit "A" hereto) known herein as (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is June 1, 1983.

(5) That the termination date of the Lease is not less than eight (8) years but no more than fifteen (15) years from the commencement date.

(6) That monthly rent for the Premises is \$100.00.

(7) That monthly rent and other charges under the Lease are paid to December 31, 1987.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$ none ; (ii) Advance Rental \$ none ; (iii) Key Deposit \$ none ; (iv) Sign Deposit \$ none .

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied.

(10) That there are no defaults by either Lessor or Lessee under the Lease.

(11) That there are no options in the Lease.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease. None.

EXECUTED THIS ____ DAY OF DECEMBER, 1987.

"LESSEE"

LIVINGSTON-GRAHAM, INC.

By: _____

MONTH TO MONTH TENANCY AGREEMENT

THIS AGREEMENT (hereinafter called "Lease") is entered into this 25 day of Jan, 1986, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and JACK CHURCH, dba J.S.J. EQUIPMENT RENTALS (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California (the "Premises"), consisting of approximately 5,250 square feet as shown on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Lease shall be month to month commencing on January 1, 1986. This lease may be terminated by either party upon at least thirty (30) days written notice thereof to the other party.

3. Rental. Tenant shall pay to Landlord a monthly rental of Two Hundred Fifty Dollars (\$250.00) per month, payable in advance on the first day of each calendar month during the term hereof. If this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease,

as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Two Hundred Fifty Dollars (\$250.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

5. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or

before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

6. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except storage of construction equipment. Tenant agrees that the Premises shall be used from 7 AM to 8 PM only, and that no welding or open flame shall be permitted on the Premises at any time. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

7. Maintenance and Repair. Tenant leases Premises in an "as is" condition based upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942,

with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

8. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

9. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the Federal Mine Safety and Health

Act of 1977, 30 U.S.C. §801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

10. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

11. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation

Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

12. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Self Storage Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Dick Drumm

To Tenant: J.S.J. Equipment Rentals
4782 Gwin Court
Simi Valley, CA 93063

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

13. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

14. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease.

15. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

16. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

17. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or

proceeding shall be entitled to recover its reasonable expenses from the other party.

18. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

19. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

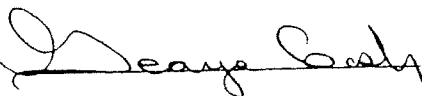
20. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

21. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

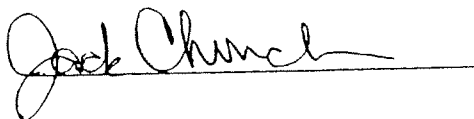
LANDLORD:

CALMAT CO.

By 

TENANT:

JACK CHURCH



MONTH TO MONTH TENANCY AGREEMENT

THIS AGREEMENT (hereinafter called "Lease") is entered into this 1 day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and WIMSATT CONCRETE INC. (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of LOS ANGELES, State of California (the "Premises"), consisting of approximately .30[±] acres as shown on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Lease shall be month to month commencing on 6 - 1, 1987. This lease may be terminated by either party upon at least thirty (30) days written notice thereof to the other party.

3. Rental. Commencing on 6 - 1, 1987, Tenant shall pay to Landlord a monthly rental of \$ 850⁰⁰ per month, payable in advance on the first day of each calendar month during the term hereof. If this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease,

as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of \$ 850⁰⁰ which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

5. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Upon entry into possession of the Premises, Tenant shall fence the perimeter of the Premises in a manner satisfactory to Landlord. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may,

by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

6. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except CONTRACTOR STORAGE YARD. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

7. Maintenance and Repair. Tenant leases Premises in an "as is" condition based upon its own independent investigation and not on any warranty of Landlord express or implied. Tenant's taking possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942,

with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

8. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

9. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the Federal Mine Safety and Health

Act of 1977, 30 U.S.C. §801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

10. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

11. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation

Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

12. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Self Storage Co.
7361 Laurel Canyon Blvd.
N. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Wimsatt Concrete, Inc.
7861 Ruffner Ave.
Van Nuys, CA 91406

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

13. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

14. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease.

15. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

16. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

17. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or

proceeding shall be entitled to recover its reasonable expenses from the other party.

18. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Lease in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

19. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

20. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

21. Other Provisions. _____

/ / / /

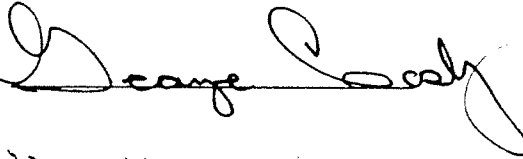
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22. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

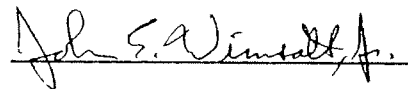
LANDLORD:

CALMAT CO.

By 

TENANT:

Wimsatt Concrete, Inc.

By  - Pres,

:k

[illegible]

L E A S E

THIS LEASE (hereinafter called "Lease") is entered into this 1ST day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a CALIF. CORPORATION (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 2 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be three (3) years commencing on ~~April 1~~ ^{MAY JUNE 1987}, 1987, and expiring on ~~March 31~~ ^{APRIL MAY 31}, 1990, subject to early termination as hereinafter provided. DD

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Four Thousand Dollars ~~(\$4,000.00)~~ ^{DD \$ 3,800.00} per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of ~~Four Thousand Dollars~~ ^{DD THIRTY EIGHT HUNDRED} \$ ~~3,800.00~~ ^{DD} ~~(\$4,000.00)~~ which sum shall be credited to the rental due for the first full month of the Lease term.

5. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Four Thousand Dollars ~~(\$4,000.00)~~ ^{3800.00 DD} which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with

Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

6. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

7. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such

taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

8. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

9. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941

and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

10. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided

however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

11. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

12. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the

Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

13. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

14. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any

provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

15. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of

any such lien, claim or levy pending the final determination thereof.

16. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

17. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name

Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

18. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any

part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the

term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

19. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such

holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

20. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: c/o CalMat Co. Self Storage
7361 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Desmonds Studio Production Services
P.O. Box 621
Northridge, CA 91328

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

21. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee,

except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

22. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas,

telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

23. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

24. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

25. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

26. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

27. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any

such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

28. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

29. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

30. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

31. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

32. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

33. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

34. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

35. Access. Tenant shall have access to yard at all times. If any vehicle or equipment obstructs passage, Tenant has the right to have vehicles or equipment removed at owner's expense.

36. Gates. Tenant should not have to enter more than two gates to gain access to Tenant's equipment.

- 1) Gate at entrance.
- 2) Gate at Tenant's yard.

37. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed

this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By 

By _____

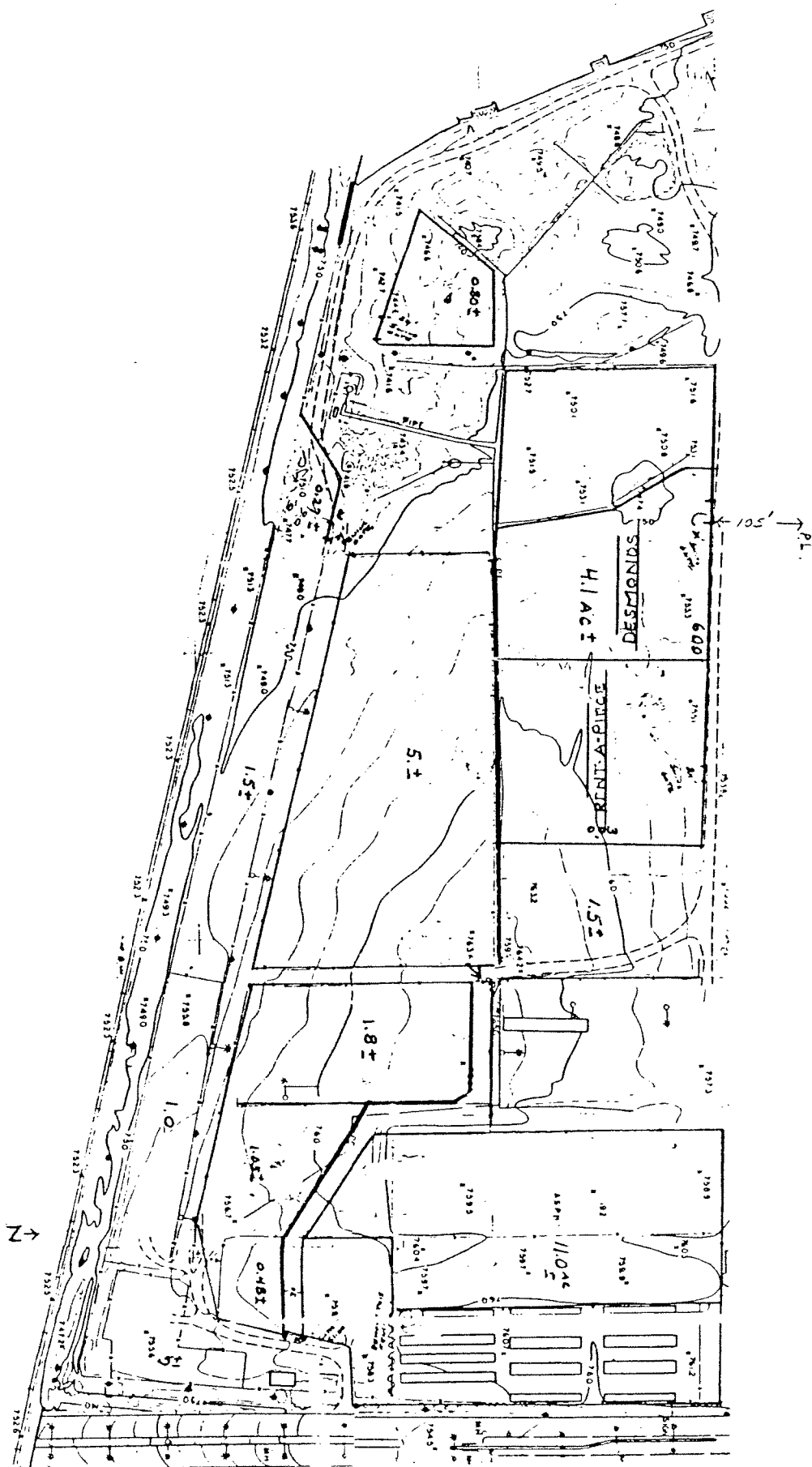
TENANT:

DESMONDS STUDIO PRODUCTION
SERVICES

By 

By _____

:n



LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 15th day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and RENT-A-PIECE, INC., a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 2 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be three (3) years commencing on ~~April~~ ^{MAY} 1, 1987, and expiring on ~~March~~ ^{APRIL} 31, 1990, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Four Thousand Dollars (\$4,000.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of Four Thousand Dollars (\$4,000.00) which sum shall be credited to the rental due for the first full month of the Lease term.

5. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Four Thousand Dollars (\$4,000.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with

Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

6. Improvements to the Premises. Landlord shall provide the following tenant improvements: 1) fence and rough grade the Premises; 2) two ³~~2~~ security flood lights; 3) access to City water for the Premises; 4) an electrical outlet for the Premises of not more than 30 amps. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

7. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

8. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

9. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence,

carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

10. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is

responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

11. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

12. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working

areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

13. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by

Tenant and which would not, by the terms of this Lease, become property of the Landlord.

14. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

15. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that

nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

16. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

17. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the

Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

18. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant

pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

19. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

20. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: c/o CalMat Co. Self Storage
7361 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Rent-A-Piece, Inc.
P.O. Box 1097
Studio City, CA 91604

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

21. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor

of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the

assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

22. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

23. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

24. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

25. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

26. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said

mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

27. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

28. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

29. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

30. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or

proceeding shall be entitled to recover its reasonable expenses from the other party.

31. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

32. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

33. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

34. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

35. Access. Tenant shall have access to yard at all times. If any vehicle or equipment obstructs passage, Tenant has the right to have vehicles or equipment removed at owner's expense.

36. Gates. Tenant should not have to enter more than two gates to gain access to Tenant's equipment.

- 1) Gate at entrance.
- 2) Gate at Tenant's yard.

37. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By 

By _____

TENANT:

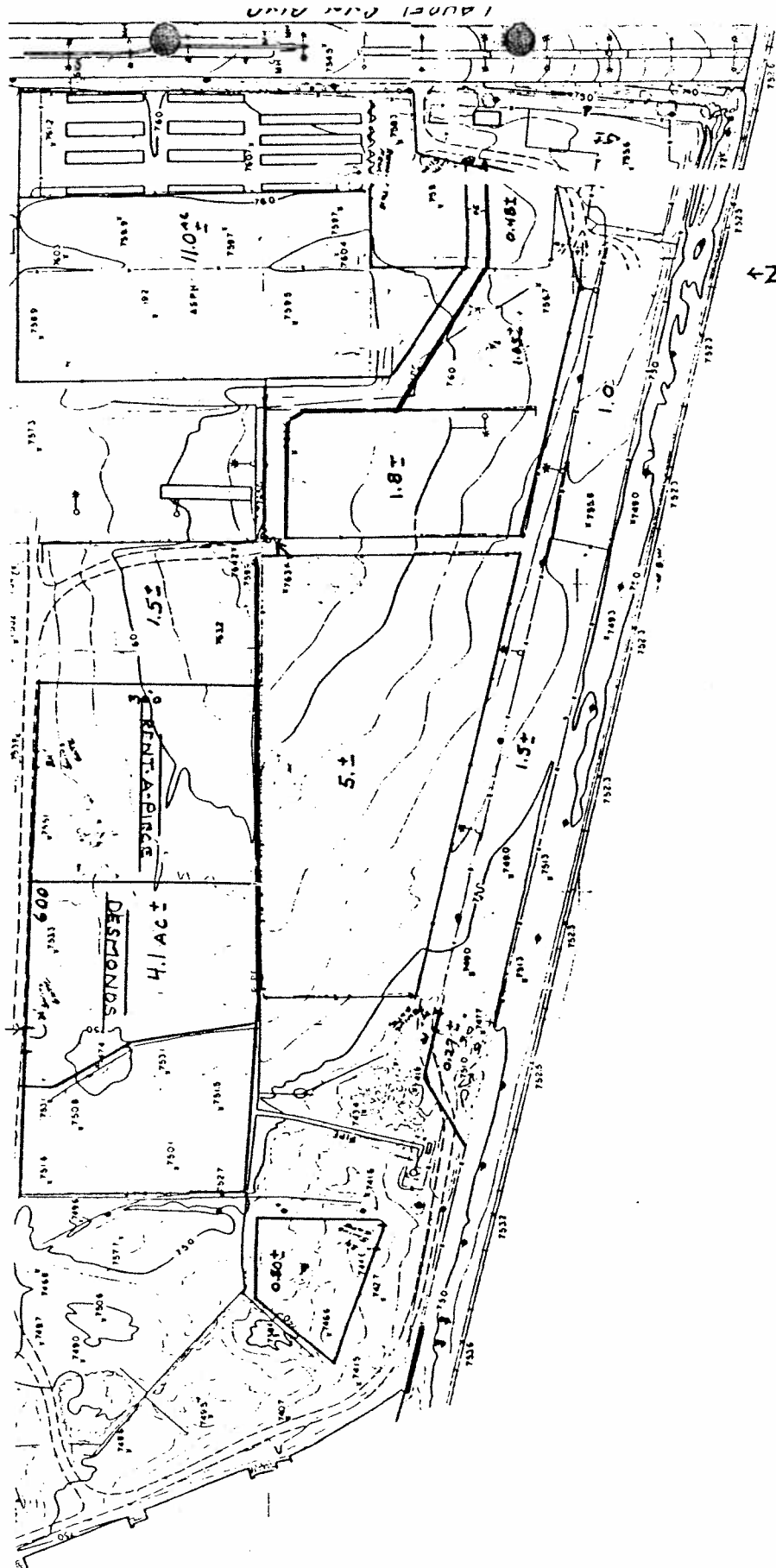
RENT-A-PIECE, INC. 5-18-87

By 

By _____

:n

P.L.



N

L E A S E

THIS LEASE (hereinafter called "Lease") is entered into this 1st day of JUNE, 1987, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and L.A. AUTO SALVAGE, INC., a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 12.4 acres, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

(or) Term. The term of this Lease shall be seven (7) years commencing on June 1, 1987, and expiring on May 31, 1994, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of

Twenty-Four Thousand Eight Hundred Dollars (\$24,800.00) per month, and at such rate as adjusted in accordance with the provisions of ¶4, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

In addition to the foregoing, Tenant shall pay to Landlord, for the first five (5) years of the Lease Term, without abatement, deduction, offset or prior demand, an additional rental of Two Thousand Two Hundred Seventy Three and 45/100 Dollars (\$2,273.45) per month, payable in advance on the first day of each calendar month during the term hereof. Said additional monthly rental represents amortization of a loan for Tenant improvements in the amount of One Hundred Seven Thousand Dollars (\$107,000.00) at the rate of ten percent (10%) per annum for five (5) years. Tenant shall have the right to prepay said loan in whole or in part at any time during the first five (5) years of the Lease Term. Should there be a default in any payment of additional rental, the entire remaining principal balance of the loan amount shall thereafter bear interest at the maximum rate an individual is permitted by law to charge, and Landlord may accelerate the loan by declaring the entire remaining principal balance immediately due and payable.

4. Rental Adjustment. The monthly rate provided for in ¶3 herein, shall be adjusted upward on ~~May 1~~^{June 1}, 1989 and every two (2) years thereafter on ~~May 1~~^{June 1} (during the term hereof or any extension thereof), in the same proportion as the proportional difference between the "Consumer Price Index for Urban Wage Earners and Clerical Workers, all items (Los Angeles-Long Beach-Anaheim Area)", published by the United States Department of Labor, Bureau of Labor Statistics (CPI) in effect on the date of adjustment and the CPI in effect on ~~May 1~~^{June 1}, 1987. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Option to Extend Term. Tenant is given option to extend the term of this Lease following expiration of the initial term on all the provisions contained in this Lease except for the monthly rental rate and term, for a term of one (1) year (an "Extended Term") by giving written notice of exercise of the option ("Option Notice") to Landlord not more than one hundred eighty (180) days but at least sixty (60) days prior to the expiration of the initial term. Provided however, that if Tenant is in default on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if Tenant is in default on the date the Extended Term is to commence, the Extended Term shall not commence and this Lease shall expire at the end of the initial term.

The monthly rental rate for the Extended Term shall be the monthly rental rate in existence on the expiration of the initial term.

6. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of Twenty-Seven Thousand Seventy-Three and 45/100 Dollars (\$27,073.45) which sum shall be credited to the rental and additional rental due for the first full month of the Lease term.

7. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Twenty-Seven Thousand Seventy-Three and 45/100 Dollars (\$27,073.45) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing

the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

8. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition, provided however Landlord shall, upon execution of this Lease, commence to provide a 300 amp electrical service line, a municipal water line and a city sewer line to an outside location adjacent to the site agreed upon for Tenant's office which shall in no event be more than five hundred feet (500') from Laurel Canyon Boulevard; provide sufficient fire hydrants on the Premises; erect a 10 foot fence along the location indicated in blue of Exhibit "A". Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises, including all improvements to be constructed by Landlord. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant

until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

9. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

10. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except storage of automobiles in an impound yard. If consistent with such use, automobile auctions of reasonable duration, not to exceed eight (8) hours in any event, may be held by Tenant on the Premises, but not more than sixty (60) per year and not more frequently than two (2) in any seven (7) day period. No welding or open flame shall be permitted on the Premises at any time. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises

for the use herein stated or any use. Tenant acknowledges and agrees that it shall not store any property in, or otherwise interfere with use of, common access areas adjacent to the Premises.

11. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises, including without limiting the generality of the foregoing, the fence on the perimeter of the Premises, in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental. Without limiting the foregoing, Tenant acknowledges and agrees that if Tenant fails to effectively repair any fence on the Premises within thirty (30) days after notice from Landlord of the need for such repair, such failure shall be deemed a material default which has continued for thirty (30) days as described by paragraph 20(f) hereof, and Landlord may pursue its remedies for such default as described in such paragraph, including without limitation, termination of this Lease.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and

expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

12. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration, commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

13. Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to

make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises. Tenant shall, at all reasonable times, permit access by government authorities and/or Landlord to the water well existing on the Premises

14. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without

the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

15. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or

otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

16. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other

than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

17. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

18. Indemnification and Exculpation of Landlord. Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of

Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

19. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

20. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events

Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is

computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: c/o CalMat Self Storage Co.
7245 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: L.A. Auto Salvage, Inc.
15150 Erwin St.
Van Nuys, CA 91411

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, ~~which shall not be other than the specific use authorized by this Lease~~ *BB*

(c) Such information as to the proposed transferee's financial responsibility, business experience and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent

from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

28. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

29. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this

Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

30. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

31. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

32. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

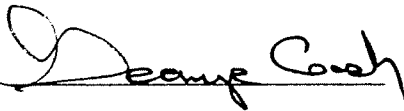
36. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By

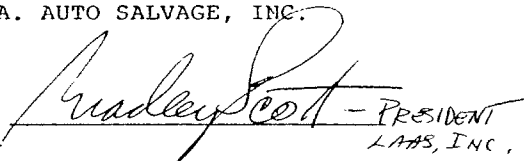


By _____

TENANT:

L.A. AUTO SALVAGE, INC.

By



- PRESIDENT
LAAS, INC.

By _____

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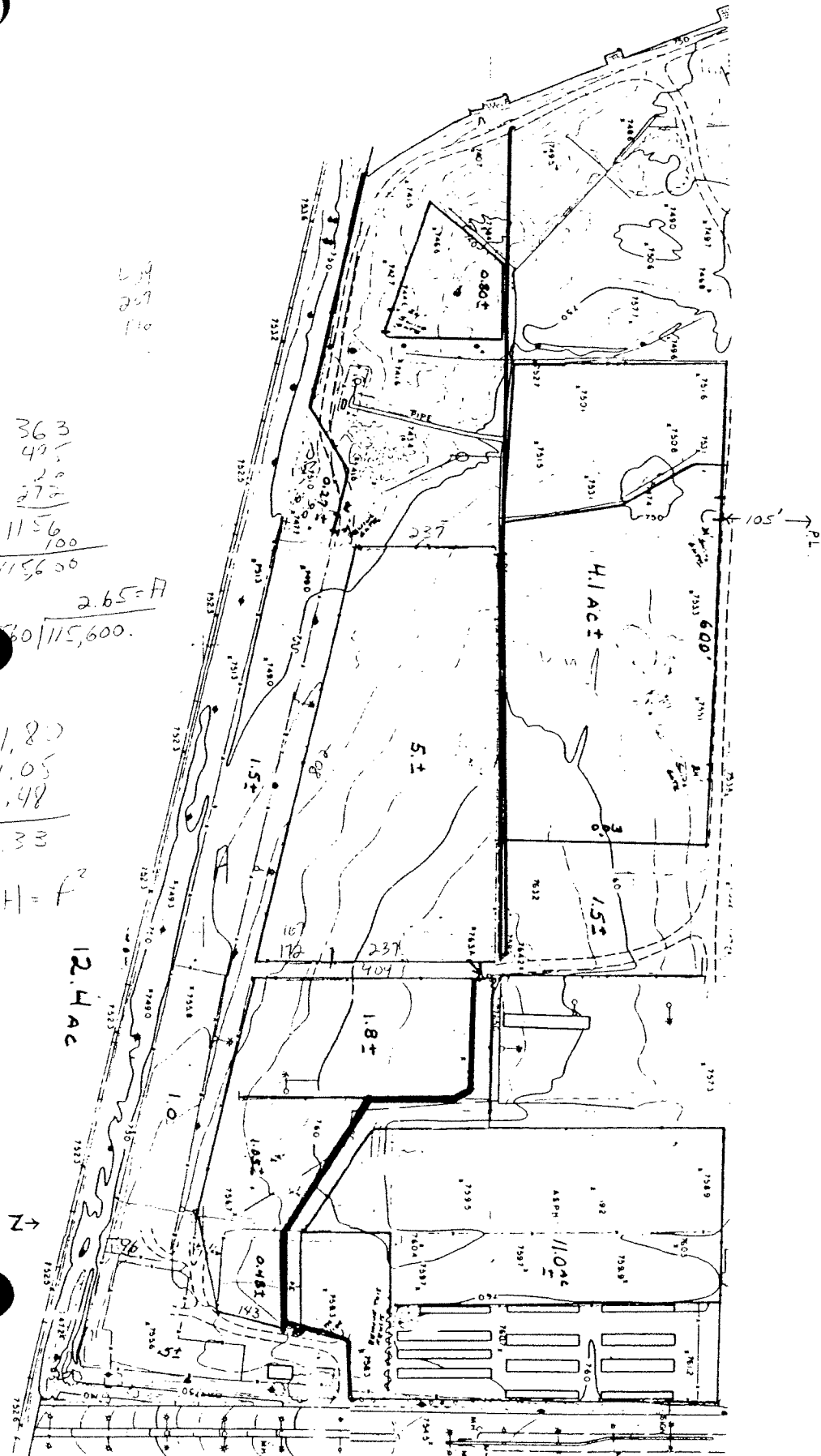
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CalMat Properties Co.

May 5, 1989

RECEIVED MAY 10 1989

3200 San Fernando Road, Los Angeles, CA 90065 (213) 258-2777

RECEIVED

MAY 12 1989

CALMAT PROPERTIES

Mr Bradley Scott
Los Angeles Auto Salvage
7245 Laurel Canyon Boulevard
North Hollywood, CA 91605

Dear Mr Scott:

The intent of this letter agreement is to authorize the currently unauthorized use of approximately half plus or minus an acre of CalMat Co. property located just east of the flare. (See attached).

Effective May 15, 1989, Los Angeles Auto Salvage rent will be increased \$1,200.00 per month. The combined rent and acreage will increase as follows:

Rent: From \$29,073.45 to \$30,273.45 per month

Acreage: From 13.4 ± acre to 13.9 ± acre

Please sign both copies and return for CalMat Co. signature. All other terms of the original lease dated January 31, 1986, still remain the same.

Sincerely,

George Cosby
Vice President

GC:oc
Enc.

*This half acre lease may be
cancelled by Los Angeles Auto
Salvage at any time with
a thirty day written notice.*

[Signature]

CALMAT CO

LOS ANGELES AUTO SALVAGE

By: *George Cosby*

By: *Steven M. [Signature]*



CalMat Properties Co.

3200 San Fernando Road, Los Angeles, CA 90065 (213) 258-2777

February 1, 1989

RECEIVED FEB 06 1989

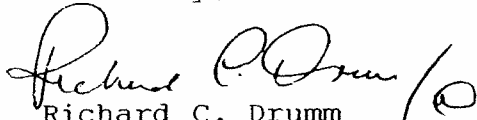
Mr Bradley Scott
Los Angeles Auto Salvage
7245 Laurel Canyon Boulevard
North Hollywood, CA 91605

Dear Mr Scott:

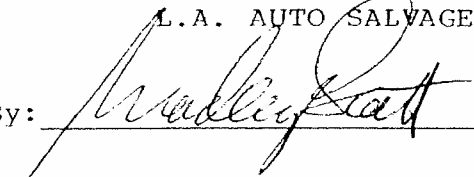
Effective February 1, 1989, Los Angeles Auto Salvage lease will be expanded from 11.4 acres to 12.4 acres. (Please see attached for location of additional 1 acre) This of course will increase your monthly rent from \$27,073.45 to \$29,073.45.

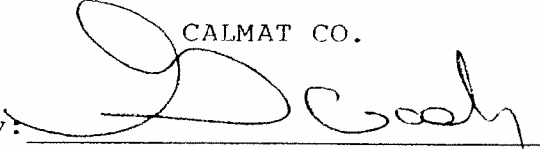
All other terms of your original agreement dated January 31, 1986, will remain the same. If you agree with the terms of this amendment, please sign both copies and return for CalMat Co. signature.

Sincerely,


Richard C. Drumm
Property Manager

RCD:oc
Enc.

L.A. AUTO SALVAGE
By: 

CALMAT CO.
By: 



CalMat Properties Co.

May 10, 1989

3200 San Fernando Road, Los Angeles, CA 90065 (213) 258-2777

Mr Bradley Scott
Los Angeles Auto Salvage
7245 Laurel Canyon Boulevard
North Hollywood, CA 91605

Dear Mr Scott:

LICENSE AGREEMENT

The purpose of this license agreement between CalMat Co. and Los Angeles Auto Salvage Co. is to provide overflow parking for wrecked autos for the months of June, July, August, 1989.

The location is marked in red on Exhibit (A) (attached) and is approximately 10,800 square ft. The area must be marked by three poles set in concrete along the north boundary. All autos must be kept inside the 270 x 40 dimensions.

Effective June 1, 1989, Los Angeles Auto Salvage Co. rent will increase \$500.00 per month from \$30,273.45 to \$30,773.45. Total acreage will increase from 13.9 acres to 14.4 acres.

Sincerely,

Richard C. Drumm
Assistant Property Manager

RCD:oc
Enc.

LOS ANGELES AUTO SALVAGE

By: _____

cc. G.Cosby, CalMat
T. Maltese, CalMat

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 22 day of June, 1990, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 6.5 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be three (3) years commencing on July 1, 1990, and expiring on June 30, 1993, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Fourteen Thousand Three Hundred Dollars (\$14,300.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in ¶3 herein shall be adjusted on each anniversary date of this Lease ("Anniversary Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Prepaid Rent. Upon execution of this Lease, Tenant shall pay to Landlord the sum of Fourteen Thousand Three Hundred Dollars (\$14,300.00) which sum shall be credited to the rental due for the first full month of the Lease term.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements

which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance.

Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 A.M. to 10 P.M. daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at

any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that Tenant's use of the Premises and the rental due hereunder shall be suspended for the period of restoration,

commencing from the date on which Tenant gives Landlord written notice of such damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages

arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a

consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

18. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Worker's Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days notice to Landlord of cancellation or

termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor or any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

19. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or

discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such

rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: c/o CalMat Co. Self Storage
7361 Laurel Canyon Blvd.
No. Hollywood, CA 91605
Attn: Property Manager

To Tenant: Desmonds Studio Production Services
P.O. Box 621
Northridge, CA 91328

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord which consent may be withheld in Landlord's sole and absolute discretion. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a condition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed

transferee's financial responsibility and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee,

except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent and other consideration received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas,

telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

28. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at

Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

29. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

30. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

31. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

32. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease,

immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

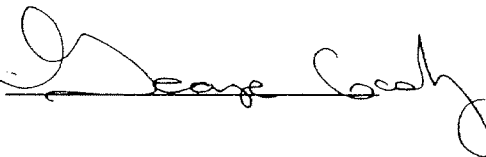
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IN WITNESS WHEREOF, Landlord and Tenant have executed
this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By 

By _____

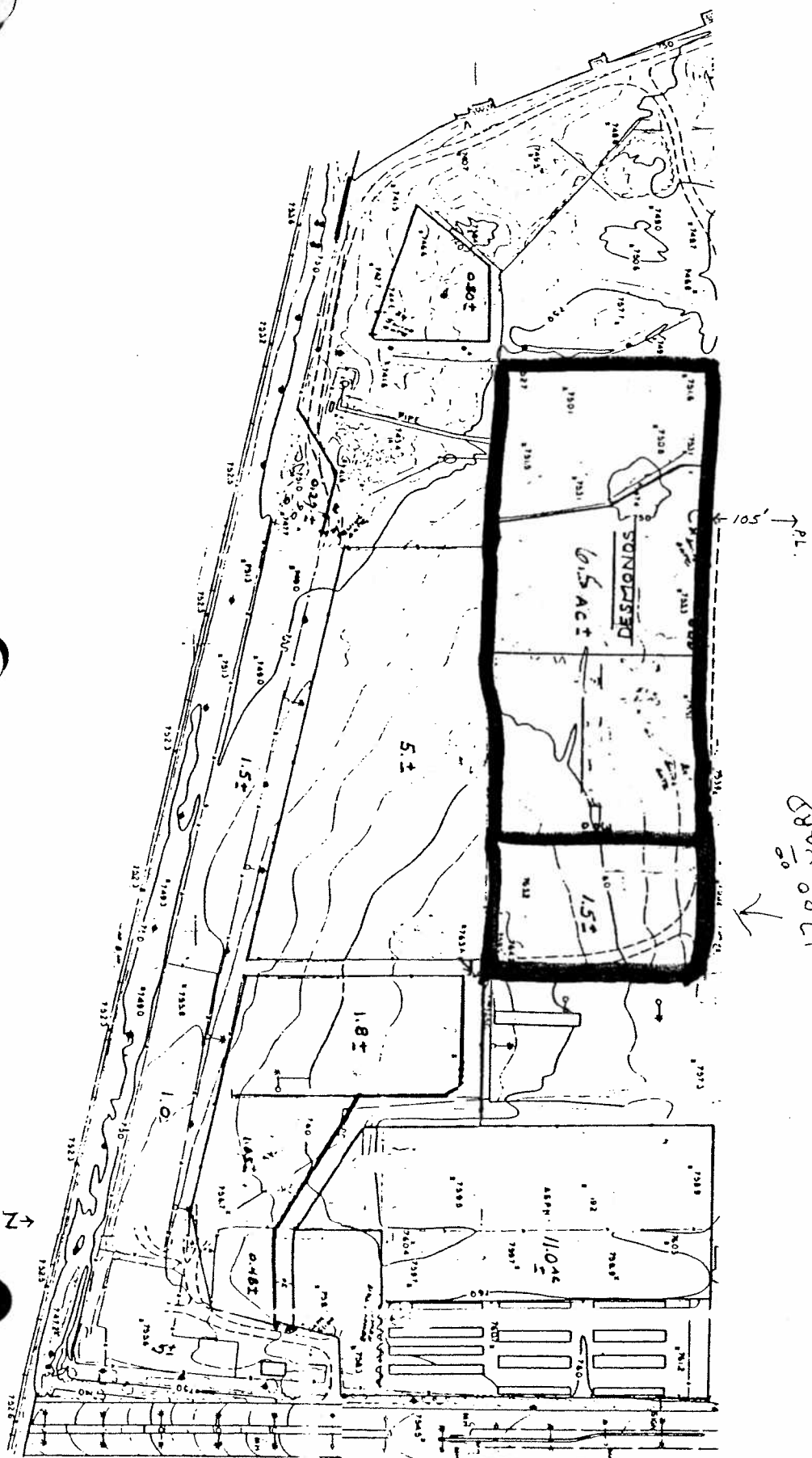
TENANT:

DESMONDS STUDIO PRODUCTION
SERVICES

6-22-90 By 

By _____

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$$I \rightarrow$$




CalMat Properties Co.

3200 San Fernando Road, Los Angeles, CA 90065 (213) 258-2777

July 16, 1990

Mr Don Desmond
Desmond Studio Equipment
P.O. Box 621
Northridge, CA 91328

Dear Mr Desmond:

As you requested CalMat Co. will lease to Desmond Studio Equipment an additional 1.1 acre \pm adjacent to property you currently lease. This letter agreement will amend your current lease with CalMat Co. dated June 30, 1990, as follows.

Property

From: 6.5 acre \pm
To: 7.6 acre \pm

Rent

From: \$14,300 per month
To: \$16,500 per month

Effective August 1, 1990, your rent will increase \$2,200 per month to \$16,500 and your deposit will increase by \$2,200 to cover the additional property. Desmond Studio Equipment rent for the month of August 1990 will be \$18,700 including the increase for deposit. Each month thereafter your rent will be \$16,500.

All other terms of your lease agreement dated June 30, 1990, will remain the same. Please sign both copies of this letter agreement and return to us for CalMat Co.'s signature.

Sincerely,

Richard C. Drumm
Assistant Property Manager

/oc

DESMOND STUDIO EQUIPMENT

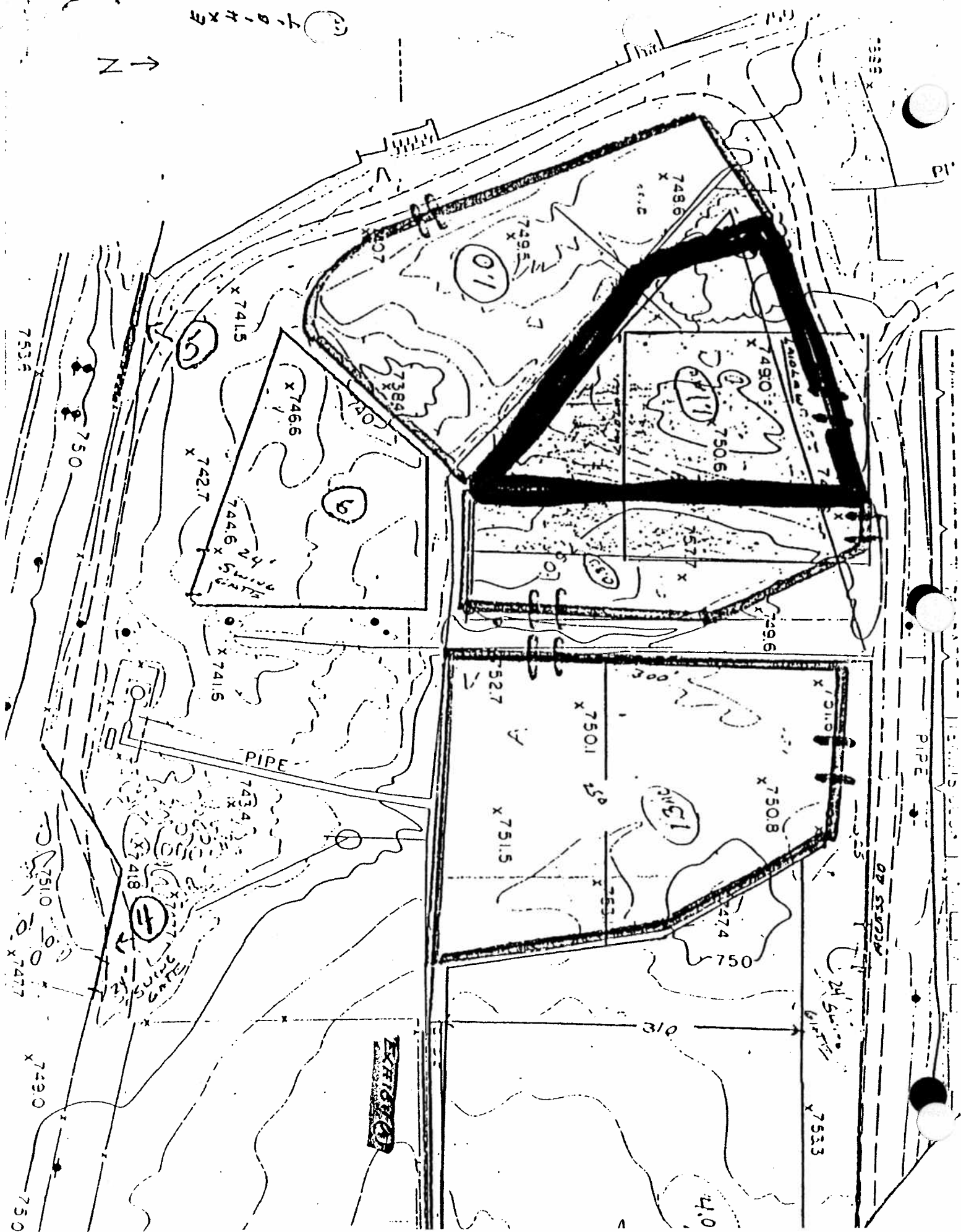
By: Donald P. Desmond

Dated: 7-18-90

CALMAT CO

By: [Signature]

Dated: 7/27/90





CalMat Co

CHANGE NOTICE NO. 996EFFECTIVE 7-1 19 90**CALMAT CO DIVISION** Properties

①

SITE NAME HewittPROPERTY FILE NO. CA-LW-17A-00282-004CITY Los AngelesCOUNTY Los Angeles - Western

PERMANENT SITE NO.

COST CENTER OR OPERATING NO.

TAX PARCEL NO.

CA-LW-17AL0640A portion of APN:
2307-022-010**NATURE OF CHANGE**

②

New Lease - Desmonds StudioGROSS ACRES 6.5

NET ACRES

DESCRIPTION OF CHANGE

③

CalMat granted a new lease to Desmonds Studio Production Services for a three year Term.

Term: 7-1-90 to 6-30-93Rent: \$14,300 per month (increases with CPI each anniversary)Use: Parking and Storage of trucks, vans, and movie studio equipment.**BRIEF PROPERTY DESCRIPTION**

④

SEE ATTACHED MAP**DISTRIBUTION:**✓ WM. JENKINSA.F. GERSTELLT. LINDENM.J. KERSTETTERR. EVANS✓ S. WILCOTTJ.S. MILLST. KELLEHERP. POULSEN

✓

G. COSBYD. DRUMMA. ORTIZFILEDATE 7-6-90 TSM

PROPERTY MANAGER

Gene R. Block



LEASE DATA SHEET

Site Location Name

Hewitt

X	Lease To
	Lease From
	Operating Permit

Name (Tenant)
(80099000) Desmonds Studio Production Services

Address P. O. Box 621

City Northridge, CA 91328

Phone

Property Description:

Property
File No. CA-LW-17A-282-4

SEE ATTACHED MAP

Use: PARKING & Storage

Term	Begin	Ending	Rent	Due Date	Deposit
3 Year	7-1-90	6-30-93	X \$14,300 /mo. *See Below	1st Day of Month	\$14,300.00

Taxes: Personal Property Tax Only

Tax Parcel
Number(s): 2307-022-010

Option: N/A

Insurance

TENANT SHALL CARRY PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE WITH A \$1,000,000 COMBINED SINGLE LIMIT. TENANT SHALL ALSO CARRY WORKER'S COMPENSATION INSURANCE.

Special Ins. Provisions or Requirements:

Special Conditions and/or Considerations:

TENANT PAYS UTILITIES.

*Rent increases with CPI each anniversary.

Date	Prepared by:	Property Manager	Change Notice#
7-5-90	Teri S. Maltese	Gene R. Block	996



CalMat Co

CHANGE NOTICE NO. 1287

EFFECTIVE 3/1 19 93

CALMAT CO. DIVISION Properties

SITE NAME Hewitt

PROPERTY FILE NO. CA-LW-17A-282-007

CITY

COUNTY Los Angeles

PERMANENT SITE NO.

COST CENTER OR OPERATING NO.

TAX PARCEL NO.

CA-LW-17A

Portion of APN:
2307-002-010

NATURE OF CHANGE

Tenancy Agreement:

Lessee: Pomerantz, Don

GROSS ACRES

NET ACRES

DESCRIPTION OF CHANGE

Effective March 1, 1993, CalMat Properties Co. leases to Don Pomerantz the premises (one (1) prefabricated manager's residence) located on the CalMat Self Storage facility.

Note: Termination of this agreement shall be 15 days after the date of the termination of tenant's employment with CalMat Properties Co.

Rent: \$200./month

Use: Residence for 1 person

BRIEF PROPERTY DESCRIPTION

A portion of Lot 1 of the Lankersheim Ranch Water and Land Company.
7361 Laurel Canyon, North Hollywood, California.

DISTRIBUTION:

G. Cosby
S. Ortega
J. Weber
S. Wilcott
File

DATE Erma & Huston 2/5/93
Erma Huston

Gene R Block
Gene Block

TENANCY AGREEMENT

THIS TENANCY AGREEMENT (hereinafter called "Agreement") is entered into this 14 day of Jan, 1993 by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and POMERANTZ DON (hereinafter called "Tenant").

RECITALS

A. Landlord is the Owner of that certain premises situated in the City of Los Angeles, County of Los Angeles State of California, consisting of one (1) prefabricated manager's residence (the "Premises") located on the CalMat Self-Storage facility located at 7361 Laurel Canyon North Hollywood CA

B. Tenant desires to lease from Landlord and Landlord desires to let to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Agreement. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Agreement shall commence on 1 March 1993 and terminate on the date which is fifteen (15) days after the date of the termination of Tenant's employment with Landlord.

3. Rental. Tenant shall pay to Landlord a monthly rental of \$ 200.00 per month, payable in advance on the first day of each calendar month during the term hereof. If this Agreement commences on a date other than the first day of a calendar month, rent for the first month shall be prorated.

4. Improvements to the Premises. Tenant leases the Premises and the improvements thereon in an "as is" condition. Tenant shall not construct improvements to the Premises without Landlord's prior written approval.

5. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except as a residence for not more than 1 persons.

6. Condition Upon Termination. Upon the termination of this Agreement, Tenant shall at its sole cost and expense clean up and remove from the

Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a clean, sanitary condition.

7. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or exercising any of the rights of Landlord under this Agreement, or for posting notices required or permitted by law.

8. Notices. Whenever in this Agreement it shall be required that notice or demand be given or served by either party to this Agreement, such notice or demand shall be in writing and shall be delivered personally or forwarded by certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
Attn: George Cosby, Vice President
3200 San Fernando Road
Los Angeles, CA 90065

To Tenant:

Don Pomerantz
7361 Laurel Canyon
North Hollywood

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

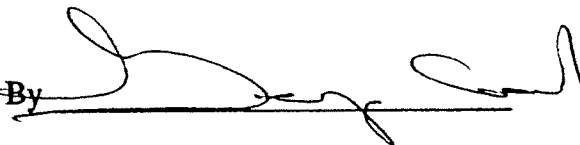
9. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any attempted assignment, sublease, or encumbrance shall be void and of no force and effect.

10. Waiver of Performance. The failure of Landlord to insist upon performance of any of the conditions of this Agreement in any one or more instances shall not be a waiver thereafter of the right to full performance of all of the agreements of Tenant herein set forth, and of all conditions, when any performance is due.

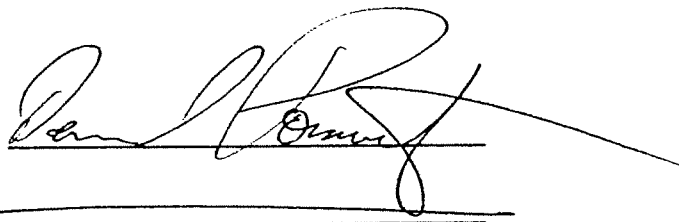
IN WITNESS WHEREOF, Landlord and Tenant have executed this Agreement as of the day and year first above written.

LANDLORD:

CALMAT CO.

By 

TENANT:

By 

By _____

C:\BWR\LEASES\MONTHTM\SELFSTOR.MGR



CalMat Co

CHANGE NOTICE NO. 1313EFFECTIVE 4/1 19 93**CALMAT CO. DIVISION**

Properties

SITE NAME Hewitt**PROPERTY FILE NO.** CA-LW-17A-282-001**CITY** Los Angeles**COUNTY** Los Angeles**PERMANENT SITE NO.****COST CENTER OR OPERATING NO.****TAX PARCEL NO.**

CA-LW-17A

A portion of APN:
2307-022-010**NATURE OF CHANGE**

Amendment: Lessee: L.A. Auto Salvage Inc.

GROSS ACRES .329**NET ACRES****DESCRIPTION OF CHANGE**

Effective 4-1-93 CalMat Properties Co. amended the lease of L.A. Auto Salvage Inc. as follows:

- 1) Acreage increase on leased premises from 14.4 ac. to 14.729
- 2) \$600 per month rent for the additional .329 and the term will be for one year (4-1-93 to 4-1-94)
- 3) Rental of this additional acre shall be subject to the same terms and conditions set forth in the current lease agreement.

BRIEF PROPERTY DESCRIPTION

A portion of Lot 1 of the Lankersheim Ranch Water and Land Company.

DISTRIBUTION:G. Cosby
S. Ortega
S. Wilcott ✓
File**DATE** 4-2-93Erma E. Huston
Erma E. HustonGene R. Block
Gene R. Block

changed 4/12/93

INSURANCE AUTO AUCTIONS

March 25, 1993

California
Los Angeles
Auto Salvage
North Hollywood
Gardena
Riverside

Insurance
Auto Auctions
San Diego

Hawaii
Insurance
Auto Auctions
Oahu

Mr. George Cosby
Calmat
3200 San Fernando Road
Los Angeles, Ca 90065

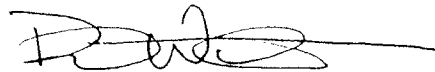
Dear George:

Pursuant to our conversation (week of March 8, 1993), this letter is confirming the following:

1. Insurance Auto Auctions will rent from you 14,336 square feet located at 7245 Laurel Canyon Boulevard. = .3291 AC
2. The term of this agreement will be for one year, commencing on April 1, 1993 and expiring on April 1, 1994.
3. The amount of rent will be \$600.00 per month.
4. The rental of this property shall be subject to the same terms and conditions set forth in the current lease agreement between Calmat and Insurance Auto Auctions (excepting those specifically outlined above).

If all items are in order, please sign the bottom of this letter and return in the self-addressed stamped envelope that is enclosed for your convenience. Thank you.

Sincerely,



Patrick T. Walsh
Vice President Operations

AGREED AND ACCEPTED:

George Cosby
Calmat

Date: _____

PW:cgm



CalMat Co

CHANGE NOTICE NO. 1289

EFFECTIVE 2/1 19 93

CALMAT CO. DIVISION		Properties	
SITE NAME Hewitt		PROPERTY FILE NO. CA-LW-17A-282-001	
CITY Los Angeles		COUNTY Los Angeles	
PERMANENT SITE NO.	COST CENTER OR OPERATING NO.	TAX MAP/CEL NO.	
CA-LW-17A		A portion of APN: 2307 J22-010	
NATURE OF CHANGE Amendment: Lessee: L.A. Auto Salvage Inc.		GROSS ACRES 14.4	
		NET ACRES	
DESCRIPTION OF CHANGE Effective 2-1-93 CalMat Properties Co. amended the lease to L.A. Auto Salvage Inc. as follows: 1) Acreage increase on leased premises from 13.4 ac to 14.4 2) \$2,000 per month for the additional one (1) acre and on a month-to-month basis. 3) Rental of this one (1) acre property shall be subject to the same terms and conditions set forth in the current lease agreement.			
BRIEF PROPERTY DESCRIPTION A portion of Lot 1 of the Lankersheim Ranch Water and Land Company.			
DISTRIBUTION: G. Cosby S. Ortega G. Weber S. Wilcott File		DATE <u>Erma J. Huston 2/5/93</u> Erma Huston <u>Gene R Block</u> Gene Block	

INSURANCE AUTO AUCTIONS

January 21, 1993

Mr. George Cosby
Calmat
3200 San Fernando Road
Los Angeles, CA 90065

California
Los Angeles
Auto Salvage
North Hollywood
Gardena
Riverside
Insurance
Auto Auctions
San Diego

Hawaii
Insurance
Auto Auctions
Oahu


Dear George:

Pursuant to our telephone conversations today, this letter is confirming the following:

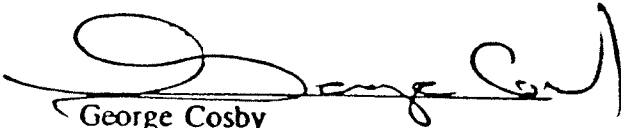
1. Insurance Auto Auctions will rent from you additional acreage (1) located at 7245 Laurel Canyon Boulevard.
2. This will be effective February 1, 1993.
3. The amount of rent will be \$2000.00 per month, on a month to basis.
4. Should Insurance Auto Auctions wish to terminate this agreement, we will notify you by giving a two week termination notice.
5. The rental of this property shall be subject to the same terms and conditions set forth in the current lease agreement between Calmat and Insurance Auto Auctions (excepting those specifically outlined above)

If all terms are in order, please sign the bottom of this letter and return in the self addressed envelope that is enclosed for your convenience. Thank you

Sincerely,


Tony Dominguez
General Manager

AGREED AND ACCEPTED:


George Cosby
Calmat

1/26/93
Date

TD:cgm

0120.gc

7245 Laurel Canyon Blvd
North Hollywood
California
91605
818-764-3200
fax 818-765-2683

CA-LW-17A-282-001

CalMat Co

P. O. BOX 2950, LOS ANGELES, CALIFORNIA 90051 (213) 258-2777
3200 SAN FERNANDO ROAD, LOS ANGELES, CALIFORNIA 90065



January 22, 1993

L.A. Auto Salvage Inc.
7245 Laurel Canyon Boulevard
North Hollywood, Ca 91605

Attention Tony Dominguez

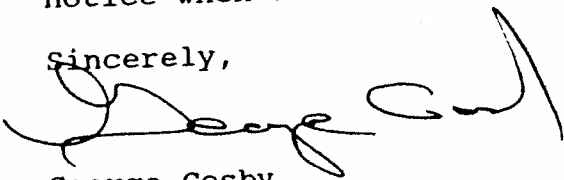
Re: Temporary Lease

The intent of this letter is to have a letter of understanding for the temporary lease for property located at 7245 Laurel Canyon Boulevard, North Hollywood.

1. All cars shall be placed in rows. No cars will be parked outside lined markers.
2. No cars shall be extended more than three rows allowing for safety.
3. No cars will be extended past the white line that will be placed by CalMat Properties.

The rent for this temporary rental property shall be Two Thousand Dollars beginning February 1, 1993, and be canceled by two weeks notice when all cars have been removed.

Sincerely,


George Cosby
Vice President

/oc



CalMat Co

CHANGE NOTICE NO. 9457

EFFECTIVE 6/1 19 94

CALMAT CO. DIVISION Properties

SITE NAME Hewitt

PROPERTY FILE NO. CA-LW-17A-282-004

CITY Los Angeles

COUNTY Los Angeles

PERMANENT SITE NO.

COST CENTER OR OPERATING NO.

TAX PARCEL NO.

CA-LW-17A

A portion of APN:
2307-022-010

NATURE OF CHANGE

New Lease Agreement

GROSS ACRES 7.60

NET ACRES

DESCRIPTION OF CHANGE

LANDLORD: CalMat Co.
TENANT: Desmonds Studio production Services
TERM: 2 years (6/01/94 - 6/01/96)
RENT: \$13,000/month (C.P.I. adjustment on each anniversary date)
SECURITY DEPOSIT: \$14,300
USE: Parking and storage of trucks, vans and movie studio equipment

PROPERTY DESCRIPTION

A portion of Lot 1 of the Lankersheim Ranch Water and Land Company.
See attached map.

DISTRIBUTION:

G. Cosby
P. Finie
S. Ortega
S. Wilcott
File

DATE

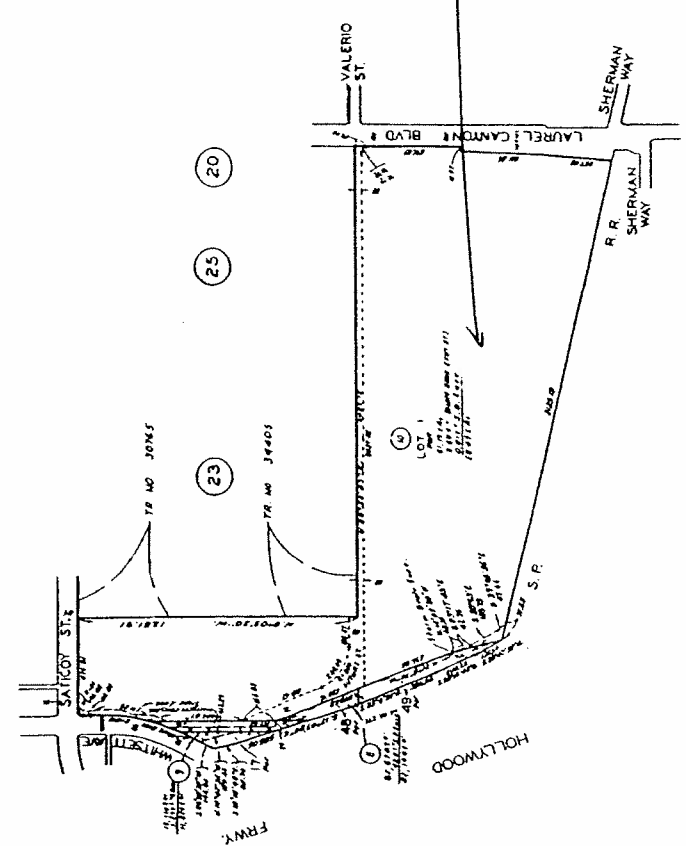
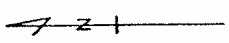
Changed: 9/2/94

Erma E. Huston

Gene R. Block

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2307 22
 SCALE 1"=400'



Street lines per M.S.T. 1-1-19 are
 considered the lot lines in this
 tract, although the divisions of
 land are not necessarily from the
 boundaries of the streets.

PROPERTY OF THE LANKERSHIM RANCH
 - LAND & WATER CO. - M.B. 31-39-44
 TRACT NO. 1212 M.B. 18-126-127
 TRACT NO. 22668 M.B. 709-97-98

CODE
 13

FOR PREP. ASSESS. SEC. 2307-
 198.21

ASSESSOR'S MAP
 COUNTY OF LOS ANGELES, CALIF.

2307 24

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 18th day of August, 1994, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 8 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be two (2) years commencing on June 1, 1994, and expiring on June 1, 1996, 1996, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Thirteen Thousand Dollars (\$13,000.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in ¶3 herein shall be adjusted on each anniversary date of this Lease ("Adjustment Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of

such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed it's acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense,

such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction

of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 A.M. to 10 P.M. daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should

Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to

Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a

breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission,

acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord. Tenant shall indemnify and defend Landlord and save him harmless from and against any and all claims, actions, damages, liabilities and

expenses in connection with loss of life, bodily injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants, unless such loss of life, bodily injury or damage to property is caused solely and exclusively by the active negligence or wilful misconduct of Landlord. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall indemnify and defend Landlord and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever unless such damage is caused solely and exclusively by the active negligence or wilful misconduct of Landlord. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason except claims arising solely and exclusively from the active negligence or wilful misconduct of Landlord.

18. HAZARDOUS MATERIALS.

(a) Tenant warrants and represents to Landlord:

(i) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined, and Tenant shall not permit any Hazardous Materials to be brought upon, stored, manufactured, or disposed on or transported from the Premises.

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision

of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

19. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and comprehensive general liability and automobile liability insurance covering all its operations on or related to the Premises. The limits of such liability insurance shall in each case not be less than Two Million Dollars (\$2,000,000.00) combined single limit. All such liability policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall provide coverage to Landlord as an additional insured to the same extent as the named insured, shall provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination, cancellation or material change, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

20. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and

shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant;

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of

its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a

receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

21. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either express or implied, such holding over shall be a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant.

22. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: George Cosby, Vice President

To Tenant: Desmonds Studio Production Services
P.O. Box 621
Northridge, CA 91328

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

23. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the express written consent of Landlord which consent may be withheld in Landlord's sole and absolute discretion. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as

a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a condition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(a) The name and legal composition of the proposed transferee;

(b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility, business experience, and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without

the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent and other consideration received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the

sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

24. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

25. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

26. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

27. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

28. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

29. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

30. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

31. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

32. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

33. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other

terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

34. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

35. Rélations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

36. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

37. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

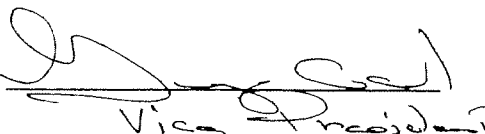
By



TENANT:

DESMONDS STUDIO PRODUCTION
SERVICES

By


Vice President

C:\DOCS\BWP\LEASES\DESMONDS

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this ^{1st} day of June, 1994, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and INSURANCE AUTO AUCTIONS, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 19.13 acres, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. LEASE. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises.

2. TERM. The term of this Lease shall be ten (10) years commencing on June 1, 1994, and expiring on May 31, 2004.

3. RENTAL. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Twenty-seven Thousand Eighty-two and 34/100 Dollars (\$27,082.34)

per month, as adjusted in accordance with the provisions of paragraph 4, payable in advance on the first day of each calendar month during the term hereof, subject to abatement for the first six (6) months of the term as provided by Paragraph 5. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. RENTAL ADJUSTMENT. During the Lease term the monthly rental rate provided for in paragraph 3 herein shall be adjusted on June 1, 1996 and every two (2) years thereafter (each an "Adjustment Date") as follows: The basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each two (2) year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI; provided, however, in no event shall the monthly rental rate be reduced below, nor shall any increase exceed fifteen percent (15%) of, the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. RENT ABATEMENT. In consideration of the grading and paving required to be made by Tenant to the Premises, rent for the first six (6) months of the Lease term shall be abated,

subject to recapture upon Tenant's vacation of the Premises before the end of the Lease term in connection with a Lease default.

6. SECURITY DEPOSIT. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of \$27,073.45 which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. OPTION TO EXTEND TERM. Tenant is given the option to extend the term of this Lease on all the provisions contained in this Lease, except for the term, for a term of five (5) years ("Extended Term") commencing upon expiration of the initial term, by giving written notice of exercise of the option ("Option Notice") to Landlord at least six (6) months prior to the expiration date of the initial term; provided, however, that if Tenant is in default on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if Tenant is in

default on the date the Extended Term is to commence, the Extended Term shall not commence and this Lease shall expire at the end of the initial term. Tenant shall have no right to extend the term beyond the Extended Term.

8. IMPROVEMENTS TO THE PREMISES. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition, provided however, Landlord shall relocate or place underground methane gas migration pipes and ancillary equipment and, for those portions of the Premises not previously leased by Tenant, install perimeter fencing ("Landlord's Improvements"). With respect to Landlord's Improvements, Landlord shall use its good faith efforts to perform the work in a manner which minimizes disruption of Tenant's business operations on the Premises, Landlord shall advise Tenant in advance of any work to be performed, and Landlord shall proceed with the work promptly upon execution of this Lease, and shall diligently pursue such work to completion. Tenant shall perform all grading and install all paving required for its use. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than Five Thousand Dollars (\$5,000.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of non-responsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances, and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease.

Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

9. TAXES AND ASSESSMENTS. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

10. USE OF PREMISES. Tenant agrees that the Premises shall not be used for any purpose except storage of automobiles in an impound yard. If consistent with such use, automobile auctions of reasonable duration, not to exceed eight (8) hours in any event, may be held by Tenant on the Premises, but not more than seventy (70) per year and not more frequently than two (2) in any seven (7) day period. No welding or open flame shall be permitted on the Premises at any time. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant acknowledges and agrees that it shall not store any

property in, or otherwise interfere with use of, common access areas adjacent to the Premises.

11. MAINTENANCE AND REPAIR. Tenant shall at its own expense maintain and keep the Premises, including without limiting the generality of the foregoing, the fence on the perimeter of the Premises, in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises, except repair and maintenance of the methane gas migration system on the Premises to the extent the necessity for such repair is not caused by Tenant or its agents, licensees or invitees. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, and Tenant does not commence to remedy such failure within thirty (30) days after notice from Landlord describing such failure with reasonable particularity, or after commencement of such remedy, Tenant fails at all times thereafter to pursue such remedy with due diligence to completion, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental. Without limiting the foregoing, Tenant acknowledges and agrees that if Tenant fails to effectively repair any fence on the Premises within thirty (30) days after notice from Landlord of the need for such repair, such failure shall be deemed a material

default which has continued for thirty (30) days as described by paragraph 21(f) hereof, and Landlord may pursue its remedies for such default as described in such paragraph, including without limitation, termination of this Lease.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition, subject to reasonable wear and tear. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

12. DAMAGE OR DESTRUCTION. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) This Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair.

(b) If the damage and repair thereof is of such nature and extent as to not interfere substantially with the use of the Premises by Tenant, and Landlord is responsible for repair, this Lease shall remain in effect and there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

(c) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, and if Landlord is responsible for repair, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing

hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

13. ENTRY. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, making repairs at Tenant's expense which Tenant has failed to make, exercising any of the rights of Landlord under this Lease, posting notices required or permitted by law, and for purposes of repairing and maintaining the methane gas mitigation system on the Premises. In connection with the repair and maintenance of the methane gas migration system, Landlord shall be permitted to install temporary aboveground methane gas pipes. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises. Tenant shall, at all reasonable times, permit access by government authorities and/or Landlord to the water well and gas mitigation system existing on the Premises.

14. SAFETY. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of

1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon, except for the methane gas mitigation system which is the sole responsibility of Landlord. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Tenant shall at all times keep and maintain a clear fire safety road on the Premises, providing access to all fire hydrants thereon (the maintenance and repair of which is Landlord's responsibility), which shall comply fully with all applicable laws, regulations, and orders. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

15. CONDEMNATION. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be a proportionate abatement of rent based upon the criteria described in paragraph 12(b). Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant.

16. CONSENTS AND WAIVERS. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the

exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

17. LIENS. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

18. INDEMNIFICATION AND EXCULPATION OF LANDLORD. Tenant shall indemnify and defend Landlord and save him harmless from and against any and all claims, actions, damages, liabilities and expenses (including attorney's fees) in connection with loss of life, bodily injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or invitees, except to the extent such loss of life, bodily injury or damage to property is caused by the negligence or wilful misconduct of Landlord. In the event Landlord is made a party to any litigation commenced by or

against Tenant arising from the foregoing, then Tenant shall indemnify and defend Landlord and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall indemnify and defend Tenant and save him harmless from and against any and all claims, actions, damages, liabilities and expenses (including attorneys' fees) in connection with loss of life, bodily injury or damage to property arising from or out of methane gas produced by the Premises, the methane gas migration system on the Premises, or any "Hazardous Materials," as defined in Paragraph 19, present on the Premises prior to Tenant's (and its predecessor L.A. Auto Salvage, Inc.'s) occupancy of the Premises, except to the extent such loss of life, bodily injury or damage to property is caused by the negligence or willful misconduct of Tenant. In the event Tenant is made a party to any litigation commenced by or against Landlord arising from the foregoing, then Landlord shall indemnify and defend Tenant and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Tenant in connection therewith.

Except as expressly provided herein, Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever except to the extent such damage is caused by the negligence or wilful misconduct of Landlord. Without limiting the foregoing, except as expressly provided herein, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that except as expressly provided herein, Tenant has sole responsibility for repair and maintenance of the Premises. Except as expressly provided herein, Tenant waives all claims against Landlord for damage to person or property arising for any reason except to the extent claims are attributed to the negligence or wilful misconduct of Landlord.

19. HAZARDOUS MATERIALS.

(a) Tenant warrants and represents to Landlord:

(i) Tenant shall not permit any "Hazardous Materials," as hereinafter defined, to be brought upon, stored, manufactured, or disposed on or transported from the Premises without the prior written consent of Landlord (which consent shall not be unreasonably withheld, provided Tenant demonstrates to Landlord's reasonable satisfaction that the particular material for which consent is sought is commonly used and necessary in Tenant's permitted use of the Premises and that Tenant's use, handling, transportation and disposal of same will comply with all environmental laws).

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials brought, deposited or released on the Premises by Tenant, its agents, contractors, employees or invitees. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials for which Tenant is responsible are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises for which Tenant is responsible and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the

environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

20. INSURANCE. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and comprehensive general liability and automobile liability insurance covering all its operations on or related to the Premises. The limits of such liability insurance shall in each case not be less than Two Million Dollars (\$2,000,000.00) combined single limit. All such liability policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall

not be unreasonably withheld), shall provide coverage to Landlord as an additional insured to the same extent as the named insured, shall provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination, cancellation or material change, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

21. DEFAULT. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute which is not dismissed within sixty (60) days of filing;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless

Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant.

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, subject to reasonable wear and tear, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of

award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at

any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

22. HOLDING OVER. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted to Tenant under the term of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

23. NOTICES. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Executive Vice President, Law
and Property

To Tenant: Insurance Auto Auctions
2500 Sand Hill Road
Suite 101A
Menlo Park, CA 94025

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

24. ASSIGNMENT AND SUBLETTING. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which shall not be unreasonably withheld. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of

no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;
- (c) Such information as to the proposed transferee's financial responsibility, business experience and standing as Landlord may reasonably require;
- (d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and
- (e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee.

Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the

sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

25. UTILITIES. Landlord makes no representation or warranty regarding the availability of utilities to the Premises. Tenant shall, at its sole cost, make all arrangements for utility service. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone, and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

26. INSOLVENCY OF TENANT. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

27. ABANDONMENT. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

28. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

29. SUBORDINATION AGREEMENT. Tenant shall, upon Landlord's request, execute an estoppel certificate and any

instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

30. SIGNS. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

31. INTERPRETATION. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

32. SUCCESSORS AND ASSIGNS. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

33. COST OF LITIGATION. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall

be entitled to recover its reasonable expenses from the other party.

34. QUIET POSSESSION. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

35. QUITCLAIM DEED. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

36. RELATIONS OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

37. REAL ESTATE BROKERS; FINDERS. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

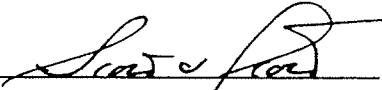
38. ENTIRE AGREEMENT. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

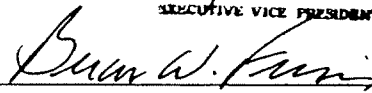
/ / / /

IN WITNESS WHEREOF, Landlord and Tenant have executed
this Lease as of the day and year first above written.

LANDLORD:

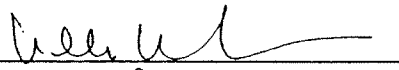
CALMAT CO.

By 
EXECUTIVE VICE PRESIDENT

By 
ASSISTANT SECRETARY

TENANT:

INSURANCE AUTO AUCTIONS

By 
E.V.P.

By _____

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 10th day of August, 1994, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 8 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or

leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be two (2) years commencing on June 1, 1994, and expiring on June 1, 1996, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Thirteen Thousand Dollars (\$13,000.00) per month, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in 13 herein shall be adjusted on each anniversary date of this Lease ("Adjustment Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of

such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense,

such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction

of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, State and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 A.M. to 10 P.M. daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should

Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to

Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Without limitation, Tenant agrees to indemnify and hold harmless Landlord from any liability, claims or damages arising as a result of a

breach of the foregoing agreement and from all costs, expenses and charges arising therefrom, including, without limitation, attorneys' fees and court costs incurred by Landlord in connection therewith.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission,

acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord. Tenant shall indemnify and defend Landlord and save him harmless from and against any and all claims, actions, damages, liabilities and

expenses in connection with loss of life, bodily injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants, unless such loss of life, bodily injury or damage to property is caused solely and exclusively by the active negligence or wilful misconduct of Landlord. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall indemnify and defend Landlord and hold him harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever unless such damage is caused solely and exclusively by the active negligence or wilful misconduct of Landlord. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason except claims arising solely and exclusively from the active negligence or wilful misconduct of Landlord.

18. HAZARDOUS MATERIALS.

(a) Tenant warrants and represents to Landlord:

(i) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined, and Tenant shall not permit any Hazardous Materials to be brought upon, stored, manufactured, or disposed on or transported from the Premises.

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision

of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

19. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and comprehensive general liability and automobile liability insurance covering all its operations on or related to the Premises. The limits of such liability insurance shall in each case not be less than Two Million Dollars (\$2,000,000.00) combined single limit. All such liability policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall provide coverage to Landlord as an additional insured to the same extent as the named insured, shall provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination, cancellation or material change, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

20. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and

shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant;

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of

its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a

receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

21. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either express or implied, such holding over shall be a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant.

22. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: George Cosby, Vice President

To Tenant: Desmonds Studio Production Services
P.O. Box 621
Northridge, CA 91328

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

23. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the express written consent of Landlord which consent may be withheld in Landlord's sole and absolute discretion. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as

a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a condition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;
- (c) Such information as to the proposed transferee's financial responsibility, business experience, and standing as Landlord may reasonably require;
- (d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and
- (e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without

the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

All rent and other consideration received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the

sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

24. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

25. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

26. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

27. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

28. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

29. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

30. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

31. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

32. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

33. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other

terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

34. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

35. Rélations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

36. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

37. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CALMAT CO.

By Donnell A. Desmond

TENANT:

DESMONDS STUDIO PRODUCTION
SERVICES

By [Signature]
Vice President

C:\DOCS\BMF\LEASES\DESMONDS



CalMat Co

CHANGE NOTICE NO. 969964EFFECTIVE 10/01 19 96

CALMAT CO. DIVISION PROPERTIES

SITE NAME HEWITT

PROPERTY FILE NO. CA-LW-17A-000282-004

CITY LOS ANGELES

COUNTY LOS ANGELES

PERMANENT SITE NO.

COST CENTER/ OPERATING NO.

TAX PARCEL NO.

CA-LW-17A

A PORTION OF APN:
2307-022-010

NATURE OF CHANGE

GROSS ACRES 7.60

NEW LEASE AGREEMENT

NET ACRES

DESCRIPTION OF CHANGE

LANDLORD: CalMat Co.
LESSEE: Desmond Studio Production Services
TERM: 5 Years ---- November 1, 1996 to October 31, 2001
RENT: \$13,500/Month (CPI Adjustment on Each Anniversary Date)
SEC. DEPOSIT: \$14,300
USE: Parking & Storage of Trucks, Vans and Movie studio Equipment

BRIEF PROPERTY DESCRIPTION

See Attached Map

DISTRIBUTION:

D. Cerone ✓
S. Wilcott
File (2)

DATE

*Changed 1/15/96**Karen L. Shollenburg*
Karen L. Shollenburg*Gene R. Block*
Gene R. Block

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 24 day of December, 1996, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 7.6 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

Landlord may, in its sole and absolute discretion, upon thirty (30) days notice to Tenant, or immediately upon notice in the event of an emergency, change the location of the Premises to any other area of land of approximately the same size owned or leased by Landlord or an affiliate within a radius of three (3) miles of the original Premises.

2. Term. The term of this Lease shall be five (5) years commencing on November 1, 1996, and expiring on October 31, 2001.

3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Thirteen Thousand Five Hundred Dollars (\$13,500.00) per month, adjusted in accordance with the provisions of paragraph 4, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in paragraph 3 herein shall be adjusted on each anniversary date of this Lease ("Adjustment Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue

amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Hundred Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the

construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance. Tenant agrees, at its own cost and expense, to comply with all permits, laws, rules, regulations, ordinances and statutes of any and all municipal, county, state and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere

with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 a.m. to 10 p.m. daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent," "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety

Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No

act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord. Tenant shall defend, indemnify and hold harmless Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees (each an "Indemnatee"), from and against any and all claims, actions, damages, demands, losses, liabilities and expenses, of every nature and character, including but not limited to reasonable attorneys' fees (all

collectively "Claims"), which arise in whole or in part from, out of, or in connection with the failure of Tenant to observe and follow safety regulations or otherwise arising in whole or in part from, out of, or in connection with Tenant's entry onto or use of the Premises, including but not limited to Claims arising from the active or passive negligence of the Indemnitee, except Claims which are caused solely by the active negligence, gross negligence or willful misconduct of the Indemnitees. Payment shall not be a condition precedent to recovery under the forgoing indemnity. Tenant hereby releases the Indemnitees from all liability for any loss or damage to Tenant or Tenant's property caused by the negligence of the Indemnitees, or otherwise. Tenant hereby assumes full responsibility for and the risk of any loss or damage to Tenant or Tenant's property caused by the negligence of the Indemnitees. In the event the Indemnitees, or any of them, are made party to any litigation arising from a Claim for which Tenant is obligated to defend the Indemnitees under the terms hereof, Tenant shall defend the Indemnitees with the attorney of Landlord's choice and pay all reasonable costs, expenses and attorneys' fees incurred by the Indemnitees in connection therewith. The provisions of this paragraph shall survive until such time as actions against the Indemnitees on account of any Claim shall have been barred by applicable statutes of limitations.

18. Hazardous Materials.

(a) Tenant warrants and represents to Landlord:

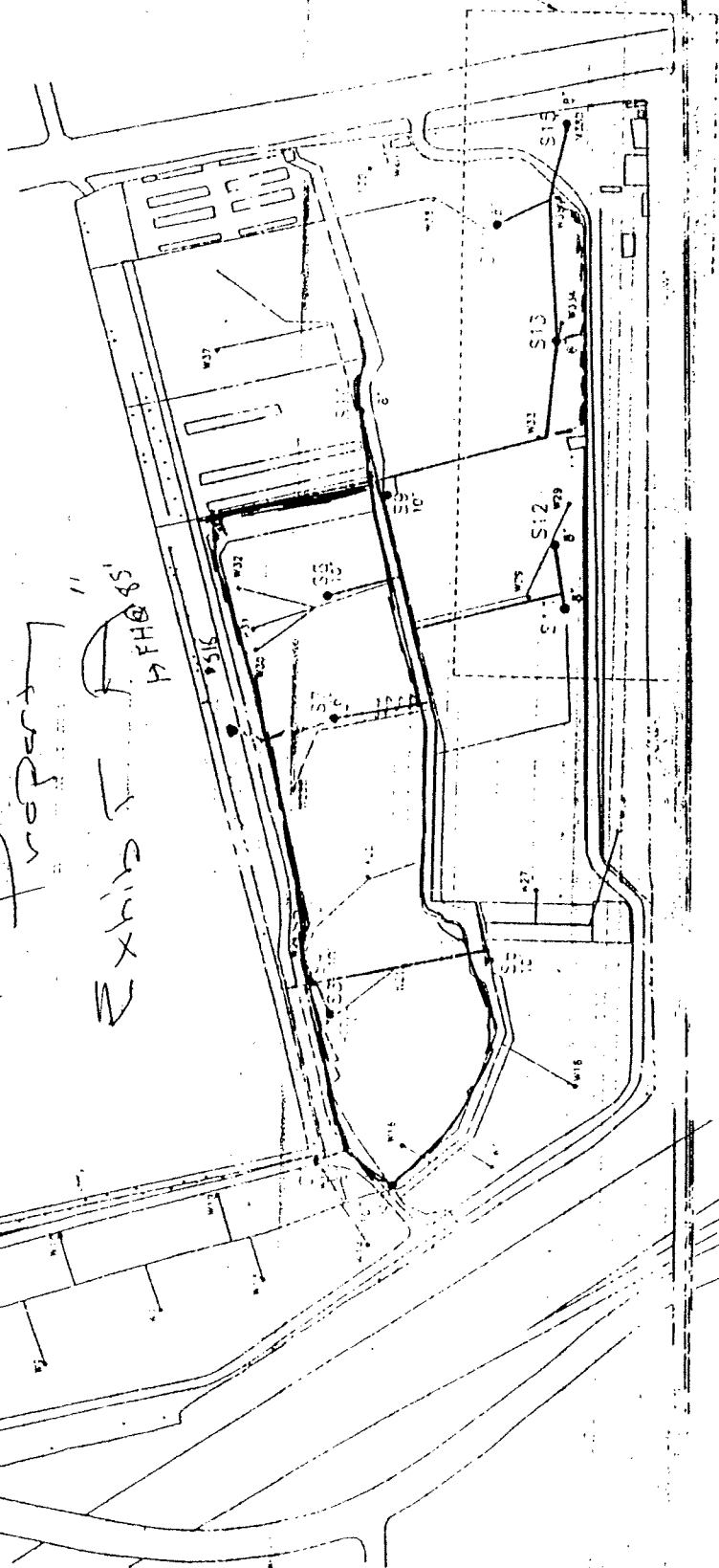
(i) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined, and Tenant shall not permit any Hazardous Materials to be brought upon, stored, manufactured, or disposed on or transported from the Premises.

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment

Desmond Barron

Property
Exhibit 1
19 FHQ 85



LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 24 day of December 1996, by and between CALMAT CO., a Delaware corporation (hereinafter called "Landlord"), and DESMONDS STUDIO PRODUCTION SERVICES, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately 7.6 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefor, sell, lease and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease.

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3. Rental. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a rental of Thirteen Thousand Five Hundred Dollars (\$13,500.00) per month, adjusted in accordance with the provisions of paragraph 4, payable in advance on the first day of each calendar month during the term hereof. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rental rate provided for in paragraph 3 herein shall be adjusted on each anniversary date of this Lease ("Adjustment Date") as follows: the basis for computing each adjustment in the monthly rental rate shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for the month which is three (3) months prior to the month in which the commencement date of this Lease occurs ("Beginning CPI"). The CPI published for the month which is three (3) months prior to the month in which the Adjustment Date in question occurs ("Adjustment CPI") is to be used in determining the amount of the adjustment. The monthly rental rate for each one year period commencing with an Adjustment Date shall be the result of multiplying the monthly rental rate by a fraction, the numerator of which is the Adjustment CPI and the denominator of which is the Beginning CPI, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue

amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late rent payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Fourteen Thousand Three Hundred Dollars (\$14,300.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the aforementioned required amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use (except that Tenant shall not construct any additional lighting); provided, however, that improvements which cost more than Five Hundred Dollars (\$500.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the

construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances and governmental regulations applicable thereto. Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on, or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as personal property or as a part of the real property.

9. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except parking and storage of trucks, vans and movie studio equipment. Without limiting the foregoing or any other provision of this Lease, the following activities are specifically prohibited on the Premises: 1) washing of vehicles or equipment; 2) welding or open flame; 3) obstruction of common roads or other common areas; 4) storage of fuel, fuel hauling vehicles, or any toxic or hazardous substance. Tenant agrees, at its own cost and expense, to comply with all permits, laws, rules, regulations, ordinances and statutes of any and all municipal, county, state and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. If permitted by applicable law and ordinance, a maximum of one (1) person may reside on the Premises if such person is employed by Tenant as a caretaker. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere

with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use. Tenant's access and use of the Premises shall be limited to the hours of 6 a.m. to 10 p.m.daily, which hours shall be subject to revision in Landlord's sole discretion. If any vehicle or equipment obstructs Tenant's access to the Premises during the hours Tenant's access is permitted, Tenant may have such vehicle or equipment removed at owner's expense.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense remove from the Premises all Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Damage or Destruction. If the Premises or any portion thereof shall be destroyed or damaged by any causes whatsoever, the following provisions shall apply:

(a) If the damage and repair thereof is of such nature and extent as not to interfere substantially with the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent.

(b) If the damage or repair thereof is of such nature and extent as to interfere substantially with, or prevent, the use of the Premises by Tenant, this Lease shall remain in effect and there shall be no abatement of rent if Tenant is responsible for such repair. If Landlord is responsible for repair thereof, Landlord may, in its sole and absolute discretion, terminate this Lease and all obligations thereafter accruing hereunder shall terminate, or, in its sole and absolute discretion, Landlord may continue this Lease in effect, provided however that there shall be a proportionate abatement of rent for the period of restoration commencing from the date on which Tenant gives Landlord written notice of such damage, based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage.

In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises.

12. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent," "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

13. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Health and Safety

Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

14. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

15. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No

act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

16. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

17. Indemnification and Exculpation of Landlord. Tenant shall defend, indemnify and hold harmless Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees (each an "Indemnatee"), from and against any and all claims, actions, damages, demands, losses, liabilities and expenses, of every nature and character, including but not limited to reasonable attorneys' fees (all

collectively "Claims"), which arise in whole or in part from, out of, or in connection with the failure of Tenant to observe and follow safety regulations or otherwise arising in whole or in part from, out of, or in connection with Tenant's entry onto or use of the Premises, including but not limited to Claims arising from the active or passive negligence of the Indemnitee, except Claims which are caused solely by the active negligence, gross negligence or willful misconduct of the Indemnitees. Payment shall not be a condition precedent to recovery under the forgoing indemnity. Tenant hereby releases the Indemnitees from all liability for any loss or damage to Tenant or Tenant's property caused by the negligence of the Indemnitees, or otherwise. Tenant hereby assumes full responsibility for and the risk of any loss or damage to Tenant or Tenant's property caused by the negligence of the Indemnitees. In the event the Indemnitees, or any of them, are made party to any litigation arising from a Claim for which Tenant is obligated to defend the Indemnitees under the terms hereof, Tenant shall defend the Indemnitees with the attorney of Landlord's choice and pay all reasonable costs, expenses and attorneys' fees incurred by the Indemnitees in connection therewith. The provisions of this paragraph shall survive until such time as actions against the Indemnitees on account of any Claim shall have been barred by applicable statutes of limitations.

18. Hazardous Materials.

(a) Tenant warrants and represents to Landlord:

(i) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined, and Tenant shall not permit any Hazardous Materials to be brought upon, stored, manufactured, or disposed on or transported from the Premises.

(ii) Tenant shall at all times be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment

will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean up of any Hazardous Materials present on the Premises and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCB's), and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provisions of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

19. Insurance. Tenant shall keep and maintain in force during the term hereof the following policies of insurance:

(a) Comprehensive general liability insurance with coverages including Premises/Operations, Products/Completed Operations, Blanket Contractual, Owner's and Contractor's Protective, and Personal Injury, and with limits of not less than ^{Two} ~~Five~~ Million Dollars combined single limit and annual aggregate for Bodily Injury and Property Damage, which limits shall apply separately to the Premises, and

(b) Comprehensive automobile liability insurance, covering all Owned, Leased and Hired Autos and Trucks and Non-Owned Autos and Trucks, and with limits of Two Million Dollars combined single limit per accident for Bodily Injury and Property Damage, and

(c) Workers' compensation and employer's liability insurance covering all of Tenant's employees, with limits for workers' compensation as required by law and limits for employer's liability of not less than One Million Dollars per occurrence, with a waiver of subrogation as to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees.

Each general liability and automobile liability policy shall be endorsed to provide coverage as additional insureds, to the same extent as the named insured, to Landlord, and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees, shall contain a severability of interest provision allowing Landlord and the other additional insureds to recover on a claim covered by the policy notwithstanding that they are additional insureds, and shall provide that the insurance afforded to the additional insureds under the policy shall be primary insurance and shall not be contributory in any way with insurance or self insurance maintained by the additional insureds. The liability insurance policies described above shall be issued by companies approved to do business in California and which have a current A.M. Best Company rating of at least A-/VII. Tenant shall at all times provide Landlord with certificates of insurance, including copies of the required endorsements, evidencing that the foregoing insurance is in effect. Each certificate will provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change. Insurance written on a claims form shall be endorsed to provide an extended reporting period of not less than five (5) years following termination of this Lease.

20. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant;

Then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

21. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either express or

implied, such holding over shall be a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant.

22. Notices. All notices, demands, and requests under this Lease by either party shall be sent by United States first class mail, certified or express, postage prepaid, or personally delivered (including delivery by a national express courier such as Federal Express, U.P.S., etc.), addressed to the parties as follows:

To Landlord: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: George Cosby

To Tenant: Desmonds Studio Production Services
P.O. Box ~~681~~ 15817
~~Northridge, CA 91328~~
NORTH HOLLYWOOD, CA 91615-5817

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

23. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the express written consent of Landlord which consent may be withheld in Landlord's sole and absolute discretion. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a condition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(c) Such information as to the proposed transferee's financial responsibility, business experience, and standing as Landlord may reasonably require;

(d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer; and

(e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgment that no default then exists under

this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

With respect to a sublease, license or other transfer of less than all of Tenant's interest hereunder, consideration received from its transferee in excess of the consideration otherwise payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt. With respect to an assignment, all consideration received by Tenant from its transferee is hereby assigned to Landlord.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

24. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, telephone and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

25. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

26. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repairs or restoration as may become necessary under the provisions hereof.

27. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

28. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

29. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

30. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated

thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only. Unless the context of this Lease clearly requires otherwise, (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine and neuter genders shall each be deemed to include the others; (c) "or" is not exclusive; and (d) "includes" and "including" are not limiting.

31. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

32. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

33. Quitclaim Deed. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease constitutes the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Lease and supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Lease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the
day and year first above written.

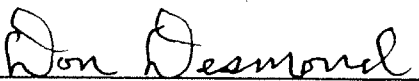
LANDLORD:

CALMAT CO.

By 

TENANT:

DESMONDS STUDIO
PRODUCTION SERVICES

By 
12-13-96

[WED/11-06-96/03:19p/ms]
V:\FERRIS\DESMLEA.001

CONSENT OF MASTER LANDLORD

CALMAT CO., Master Landlord, hereby consents of the foregoing sublease dated December 11, 1997 between Insurance Auto Auctions and Allstate Insurance Company, without a waiver of the restrictions regarding further assignments, subleases, mortgages or encumbrances or other transfers contained in the Master Lease, and without a waiver of any other term of the Master Lease, and, contrary provisions of the sublease, if any, notwithstanding, on the condition that (a) said sublease shall be subject to all of the terms, conditions and covenants of the Master Lease, and (b) Sublandlord shall not in any way be discharged from any of its obligations, liabilities or duties under the Master Lease, and (c) Sublandlord shall be responsible for the compliance by Subtenant with all provisions of the Master Lease and sublease.

CALMAT CO.

By

Title Executive Vice President

Date 2/27/98

[Thu/02-19-98/02:52p/sab]

L:\TENANT\CONSENT1.SUB

**FORM OF FUTURE
VEHICLE INSPECTION CENTER SUBLEASE**

By this indenture of lease, dated December 11, 19 97, INSURANCE AUTO AUCTIONS, herein called Lessor, leases to ALLSTATE INSURANCE COMPANY, an Illinois insurance corporation, with its principal offices at Allstate Plaza, Northbrook, Illinois, herein called Lessee, the following described premises: 7245 Laurel Canyon Blvd., Building #4, North Hollywood, CA 91605

land comprising an area of 1920 square feet; for use as offices, for a term of Two years and Zero months, commencing January 1 1998 and expiring December 31, 1999, at an annual rental at the rate of \$ 75,600.00 per square foot ~~{same lease rate as paid by Insurance Auto Auctions for space and pro rata share of Insurance Auto Auctions' operating expenses}~~, or a term rental of \$ 3150.00 in advance on the first day of each month, commencing with the first month of the term, to Insurance Auto Auctions, at 7245 Laurel Canyon Blvd., North Hollywood, CA 91605; all on the following terms: 850 E. Algonquin Rd., #100 Schaumburg, IL 60173

1. Utilities and Services. The parties agree that each shall furnish and pay for utilities and services as indicated below:

To be furnished
by (insert "Lessor,"
"Lessee" or
"not applicable")

- | | |
|--|--------|
| a. Heat as required | Lessor |
| b. Electricity or gas for air conditioning as required | Lessor |
| c. Electricity for lighting and for ordinary office machines | Lessor |
| d. Replacement of bulbs and fluorescent tubes | Lessor |
| e. Water for ordinary office purposes | Lessor |
| f. Gas for such of the installations in the premises as may require it | Lessor |

- | | | |
|----|--|--------|
| g. | Clearing of ice and snow from sidewalks, driveways and parking areas | Lessor |
| h. | Replacement of broken glass | Lessor |
| i. | Janitor and cleaning services | Lessor |
| j. | Window washing | Lessor |

Wherever above the Lessor has agreed to furnish utilities and services, Lessee shall reimburse Lessor for a pro-rata share of such utilities and services based upon the square footage of the facilities subleased hereunder. Wherever above the Lessee has agreed to furnish services, the same shall be obtained from existing heating plant, air conditioning ducts and equipment, water, gas and electrical installations provided by Lessor, (unless this lease contains affirmative agreement by Lessee to make one or more of such installations). Where Lessee pays Lessor for electricity, gas or water, the same shall be billed to Lessee at the prevailing local utility company rates for the type in question.

2. Quiet Possession. So long as Lessee performs its obligations, Lessor covenants to it quiet and peaceful possession of the leased space, and the right to use the same free of interference from noise, noxious or unpleasant fumes or odors or other disturbance from other tenants in the same building.

3. Lessee's Obligations. Lessee agrees as follows:

a. To pay rent as due and to deliver possession of the premises to Lessor upon termination of this lease in the same condition as received, ordinary wear and tear and damage by fire, the elements or other casualty excepted;

b. To use the premises in a quiet and orderly fashion without disturbance to other tenants in the building, and not to suffer or permit any violation of laws or ordinances therein;

c. Not to assign or sublet without prior consent of Lessor, which Lessor agrees will not be unreasonably withheld, provided, however, Lessee may, without Lessor's consent and without release of liability hereunder, assign this lease, or sublet to, or permit occupancy of the demised premises by related companies.

4. Lessor's Remedies. Lessor may terminate this lease and enter and take possession of the premises from Lessee, all without waiving any rights which it may have at law hereunder, without further notice or demand (all such notices and

demands being hereby waived) following any of these events:

a. That Lessee should fail to pay rent due hereunder within 30 days following written notice of default therein;

b. That Lessee shall fail to commence curing any other violation of its covenants within 30 days after written notice thereof, or, having commenced to cure the same as aforesaid, should fail to carry the same to conclusion with due diligence;

c. Upon the adjudication of Lessee as a bankrupt or the appointment of a receiver of its property.

5. Untenantability. If the premises, or any portion thereof, are made untenable by fire, the elements or other casualty, rent from the entire premises or affected portion thereof shall abate from the date of such casualty to restoration of tenantability. Lessor shall restore the same with all reasonable speed, and if Lessor does not restore the premises or the affected portion to tenantability within sixty (60) days thereafter, Lessee may then terminate this lease, retroactive to the date of casualty. If the premises are more than fifty percent (50%) destroyed by such casualty, either Lessor or Lessee may terminate this lease, retroactive to such date, by notice delivered within thirty days thereafter; failing such notice, Lessor shall restore the premises to tenantability within ninety days of such casualty and rent shall abate as aforesaid.

~~6. Lessor's Construction, Alterations and Improvements. Lessor agrees to construct or remodel the aforementioned leased premises in accordance with plans, specifications, elevations and renderings to be prepared by Lessor and approved by Lessee; provided, however, that Lessee shall reimburse Lessor for all costs incurred in making such constructions, alterations, or improvements. Said plans and specifications shall require the completion of the premises, including all facilities and services specifically required by this lease and all facilities and services generally applicable to office space, with first class materials and construction and with such layouts, partitions, quality and type of materials and finish as Lessee shall approve. Lessor agrees to submit such plans and specifications to Lessee on or before _____ Lessee shall approve or disapprove of said plans and specifications within _____ days after the same are submitted to it, and upon approval thereof by the Lessee, the same shall be deemed to be attached to and form a part of this lease. In the event the Lessor shall fail to prepare such plans and specifications by the above date, or to proceed with construction promptly upon the approval thereof, or to make reasonable progress toward the completion of such construction by~~

~~the date of commencement of the term, with consideration for strikes or Acts of God, Lessee shall have the option to cancel and terminate this lease upon sixty days written notice to lessor.~~

7. Delivery of Possession. If Lessor fails or is unable to deliver possession of the premises in tenantable condition and with Lessor's construction, alterations and improvements completed on the date of commencement of the term, then the monthly rent shall abate until the completion of tenantable conditions and of the foregoing work. If such tenantable conditions and work are not completed within sixty days after the specified date of commencement of the term, Lessee shall have an option to cancel this lease. If the leased premises are in a new building under construction, tenantable condition shall include the substantial completion of adjacent parts thereof.

8. Lessee's Alterations and Improvements.

a. Lessee is granted permission to make such alterations and improvements and install such identification signs, furniture, fixtures, and equipment in the demised premises as may be specified in lists, plans and specifications attached hereto and identified as "Lessee's Alterations and Improvements." Lessee agrees to pay for the same, to indemnify, save and hold Lessor harmless from any cost, expense or liens arising in connection therewith. Lessee may enter upon the premises to do such work during a reasonable and necessary period before commencement of the term.

b. Lessor shall not unreasonably withhold consent to Lessee making further alterations during the term of the lease, which further alterations shall be on the conditions contained in (a) above.

c. Except as provided in Paragraph 9 or as otherwise stated in Lessor's consent to the making thereof, Lessee's alterations and improvements shall become Lessor's property at the termination of this lease.

9. Removal of Lessee's Improvements. Upon termination, Lessee may, at its option, remove carpeting, venetian blinds, office equipment, business machines, trade fixtures, if any, and signs, plus such installations as Lessee may make and may be permitted to remove under this lease, provided that it restores the premises to their original condition, ordinary wear and tear excepted, and repairs damage done by such removal.

10. Inspection. Lessor has the right to enter the

premises for reasonable inspections, and to show the same to prospective tenants during the last sixty days of the term.

11. Liability. Unless caused by the negligence or wilful act or failure to act of Lessor or its agents or employees, Lessee waives all claims against Lessor for damages to the property of Lessee, resulting from the building or its equipment being out of repair, or from act or neglect of any other tenant or occupant or any incident or, theft in or about the building.

12. Maintenance and Repair. Lessor shall keep in repair the building and leased premises including both exterior, interior, parking lots, driveways and all structural parts, fixtures, wiring, plumbing, heating, water pipes, plastering and flooring therein, except only those installations, if any, provided by Lessee; provided, however, that Lessee shall reimburse Lessor for a pro-rata share of such maintenance and repair expenses based on the square footage of the facilities subleased hereunder. Without limiting the foregoing, Lessor agrees to keep heating plant, electrical and water connections and facilities and air conditioning (if installed by Lessor) in first-class operating condition and available for continuous use.

13. Signs. Lessor will not unreasonably withhold consent to Lessee's lettering of windows or erection of signs as are reasonably necessary to Lessee's business and are in keeping with the standards maintained in the building.

14. Parking Facilities. Lessee, its employees, customers, and visitors shall have the right to use such parking facilities as may adjoin or be available to the building and Lessor will provide at least 15 paved parking spaces for the exclusive use of Lessee.

15. Office Equipment. Lessee may install and use business machines as necessary to conduct its business, including, but not limited to addressograph machines and photochemical equipment.

16. Holding Over by Lessee. If Lessee shall remain in the demised premises after the expiration of this lease without having executed a new written lease, then Lessor shall have the option to treat Lessee either (a) as one not lawfully entitled to possession of the premises, and shall thereupon be entitled to take all lawful action for Lessee's immediate removal therefrom, or (b) as a tenant for the next ensuing calendar month and for each separate ensuing calendar month thereafter, in which case said tenancy may be terminated by either Lessor or Lessee as of the end of any calendar month upon thirty days' prior written notice, and Lessee shall pay monthly rent at the rate herein

specified for each such month. No such holding over shall give rise, whether by operation of law or otherwise, to any other tenancy or tenancy than that set forth in this paragraph.

17. Office Buildings Agreements. If the demised premises consists of space in an office building, or shopping center, then in addition to the other terms of this lease, the parties agree as follows:

a. Lessee, its employees and visitors shall have use of all lobbies, halls, stairways, washrooms and other public spaces in common with other tenants.

b. Lessor shall provide to Lessee elevator service at all reasonable business hours, and shall also provide to Lessee such other services, not designated in this lease, as Lessor customarily provides without charge to other tenants in the building or shopping center.

c. Lessee agrees to obey all such reasonable rules as do not conflict with this lease and as Lessor may establish uniformly throughout the building or shopping center, from time to time, provided that Lessee's office manager is notified of the same.

18. Condemnation. If any portion of the premises or the access thereto is condemned and if, in Lessee's sole opinion the remainder is inadequate, then Lessee shall have the option (to be exercised within 90 days of written notice to Lessee of the area to be condemned) to cancel this lease as of the effective date of condemnation; in such case, any portion of a condemnation award or settlement attributable to the Lessee's leasehold (including options to extend the same) shall be paid to Lessee. Lessee shall have reasonable opportunity to participate in the condemnation proceedings. If any characteristics of the premises are made less desirable by condemnation, and Lessee elects not to cancel, then there shall be an equitable adjustment of rent to reflect such fact for the balance of the term.

19. Subordination. This lease and the Lessee's rights hereunder shall at all times be subordinate to the liens of mortgages now or hereafter placed on the building or any underlying leasehold estate. So long as Lessee performs its covenants, its right to possession herewith shall not be disturbed under the rights or powers granted in any such mortgage.

20. Termination. Lessee, at its option, shall be entitled to terminate or reduce the size of the space leased hereunder upon 90 days notice to Lessor.

21. Renewal. Lessee, at its option, shall be entitled

to two successive renewals hereof, each for a term of one year upon the same terms and conditions as set forth herein. Said option to be exercised in writing ⁹⁰ days prior to the expiration of the original or succeeding terms.

22. Commencement of Term Adjustment. In the event the premises are not in tenantable condition at the time of the commencement of the term of this lease, the term shall run for a period of one year from the date of completion of the premises and acceptance by the Lessee and the date of commencement and expiration of the amended term shall be stated in writing signed by both parties and attached to the lease. This provision is not intended to waive or cancel the Lessee's right to terminate this agreement in the event the premises are not completed and ready for occupancy within sixty days from the specified date of commencement of the term as provided by Paragraph 7, hereof.

23. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, neither Lessor nor Lessee shall be liable to the other for any loss or damage caused by fire or any other risk insured against by fire, standard extended coverage and malicious mischief and vandalism insurance, in force at the time of such loss or damage.

24. Amendments. There are no agreements between the parties except as stated in this lease. No amendments hereof shall be effective unless in writing, signed by both parties.

25. Notices. The exercise of options granted and the delivery of notices provided for herein shall be effective only if delivered to Lessor at the address provided for payment of rent and to Lessee at 725 W. Town & Country Road, Orange, CA 92668-4703. Mailing of the same so addressed, by United States certified mail, postage prepaid, shall constitute delivery. No employee of Lessee at any other address has or shall have any authority to receive notices hereunder.



CHANGE NOTICE NO. 99031
EFFECTIVE Mar 01 19 99

CalMat
Division

CALMAT CO. DIVISION

PROPERTIES DIVISION

SITE NAME HEWITT

PROPERTY FILE NO. CA-LW-17A-000282-001

CITY NORTH HOLLYWOOD

COUNTY LOS ANGELES

PERMANENT SITE NO.

COST CENTER/ OPERATING NO.

TAX PARCEL NO.

CA-LW-17A

2307-022-010

NATURE OF CHANGE

SUB LEASE

Portion of Bldg 1,152 sf

7245 Laurel Canyon Blvd.

DESCRIPTION OF CHANGE

Lessor: CalMat Co.

Lessee: Insurance Auto Auctions

Sub-Lessor: Insurance Auto Auctions

Sub-Lessee: Absolute Towing, a Division of United Road Services

Term: March 1, 1999 thru February 28, 2004

Rent: \$1,446.02

Security Dep: \$1,400.00

Landlord's Consent: Per George Cosby

BRIEF PROPERTY DESCRIPTION

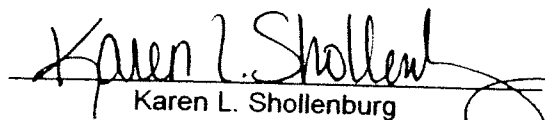
Original Lease: 7245 Laurel Canyon Blvd. consisting of approximately 19 acres, including the building(s) consisting of approximately 20,000 rentable sf (Building) ** **Sublease:** Portion of the Building consisting of 1,152 rentable sf.

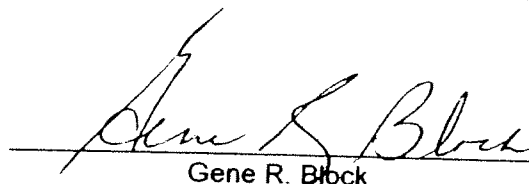
DISTRIBUTION:

G. Cosby
P. Schreibman
S. Wilcott
J. Collar
File

Date:

6/9/99 Added Sublease


Karen L. Shollenburg


Gene R. Block

Hewitt

SUBLEASE
BY AND BETWEEN
INSURANCE AUTO AUCTIONS, AS SUBLESSOR
AND

Absolute Towing, a Division of United Road Services, Inc., AS SUBLESSEE

This Sublease (the "Sublease") between Insurance Auto Auctions, Inc., an Illinois corporation ("Sublessor") and United Road Services, a Delaware corporation ("Sublessee") dated as of March 1, 1999.

RECITAL

Sublessor is the lessee of the property commonly known as 7245 Laurel Canyon Blvd. ("Premises") consisting of approximately 19 acres, including the building(s) consisting of approximately 20,000 rentable square feet ("Building") pursuant to that certain lease dated June 1, 1987 ("Master Lease") with CalMat Co. ("Master Lessor"), a copy of which Master Lease is attached hereto as Exhibit "A" and incorporated herein,

AGREEMENT

1. **SUBLEASE OF PREMISES.** In consideration of the payment of Rent (as defined herein) and the provisions of this Sublease, Sublessor leases to Sublessee and Sublessee leases from Sublessor that portion of the Building consisting of 1152 rentable square feet, as shown on Exhibit "B" ("Sublet Premises"). In addition to the Sublet Premises, Sublessee shall have the nonexclusive right (unless otherwise expressly provided herein) to use the Common Areas (as defined herein) in accordance with the terms of this Sublease and the reasonable restrictions established from time to time by Sublessor. Any such restrictions established by Sublessor shall be deemed reasonable if they do not materially adversely effect Sublessee's use of the Sublet Premises or if required (i) by the terms of the Master Lease, (ii) in order to comply with applicable laws, rules and regulations or insurance requirements, or (iii) for security, including, without limitation, restricting the hours of Sublessee's access to the Sublet Premises from 9:00 a.m. to 5:00 p.m. Monday through Friday or such other times when a representative of Sublessor is present at the Premises.

2. **DEFINITIONS.** As used in this Sublease, the following terms shall have the following meanings:

2.1 Commencement Date.

March 1, 1999, unless otherwise mutually agreed to in writing by Sublessor and Sublessee.

2.2 Expiration Date. February 28, 2004, unless otherwise extended or sooner terminated in accordance with the provisions of this Sublease.

2.3 Common Areas. The lobbies, common corridors and hallways, public restrooms, non-exclusive garage and parking areas, stairways, sidewalks and driveways of the Building and the Premises.

2.4 Mailing Addresses. 8 Automation Lane, Albany NY 12205

2.4.1 Sublessor's Mailing Address. Insurance Auto Auctions, Inc., Attn: Director of Real Estate/Facilities, 850 E. Algonquin Rd. Suite 100, Schaumburg, Illinois 60173, facsimile number (847)839-3678.

2.4.2 Sublessee's Mailing Address. 7245 Laurel Cyn. Blvd. facsimile number 818-982-2937.

2.5 Security Deposit. \$1400.00.

2.6 State. The State of California.

2.7 Term. The period commencing at 12:01 a.m. on the Commencement Date and expiring at midnight on the Expiration Date.

2.8 Permitted Use.

Sublessee may use the Sublet Premises for general office purposes and parking of Sublessee's vehicles in the designated parking area.

3. GOVERNING INSTRUMENTS.

A. The relationship between Sublessor and Sublessee, shall in all respects be governed by, and be conducted in accordance with, the terms and conditions of the Master Lease to the extent such terms and conditions are not inconsistent with the terms and conditions of this Sublease. Unless otherwise specifically provided in this Sublease, but only with respect to the Sublet Premises, Sublessor shall have all of the rights and shall incur all of the obligations of the Master Lessor under the Master Lease and Sublessee shall have all of the rights and incur all of the obligations of the lessee under the Master Lease. With respect to the parties hereto, in the event of any inconsistencies between the terms and provisions of the Master Lease and the terms and provisions of this Sublease, the terms and provisions of this Sublease shall govern, except that nothing contained in this sublease shall be construed as depriving the Master Lessor of any of its rights as lessor under the Master Lease.

B. In order to ascertain the rights and obligations of Sublessor and Sublessee herein with respect to the Sublet Premises, whenever the word "Lease" appears in the Master Lease, such word shall mean this Sublease; whenever the word "Lessor" appears in the Master Lease, such word shall mean Sublessor hereunder; whenever the word "Lessee" appears in the Master Lease, such word shall mean Sublessee hereunder; and whenever the term the "Premises" appears in the Master Lease, such term shall mean the Sublet Premises.

C. Sublessee recognizes that Master Lessor has reserved certain rights with respect to the Sublet Premises under the terms and provisions of the Master Lease, which rights will continue to be exercised by Master Lessor. Sublessee further agrees that any obligations, responsibilities and duties incurred by Sublessor hereunder may be undertaken by the Master Lessor subject to the conditions and

limitations contained in the Master Lease and that the performance of such obligations, responsibilities and duties by the Master Lessor in accordance with the terms of the Master Lease will constitute full performance thereof by Sublessor hereunder.

D. Nothing contained in this Sublease shall be construed as relieving Sublessor from any of its covenants and obligations as lessee under the Master Lease.

4. RENT. Notwithstanding the payments constituted as rent or otherwise in the Master Lease, Sublessee agrees to pay annual rent without demand, set-off or counterclaim for the Sublet Premises in the amount of Seventeen thousand, three hundred fifty two, and twenty-four cents (\$17,352.24) ("Rent"), payable in equal monthly installments of One thousand, four hundred forty six, and two cents (\$1,446.02), in advance on the first (1st) day of each calendar month of the Term. If the Term begins (or ends) on a day other than the first (or last) day of a calendar month, the Rent for the partial month shall be prorated and payable on the Commencement Date or the first day of the last month of the Term, respectively.

5. UTILITIES & TAXES.

The Rent includes Sublessee's proportionate share of the utilities and Taxes; provided, however, if, in Sublessor's reasonable judgement, Sublessee is using a utility or utilities in excess of that required for general office uses, Sublessor may bill Sublessee for the increase in utility costs. Sublessee shall pay any such utility bill within ten (10) days of Sublessee's receipt of the bill. Notwithstanding that the Rent includes Sublessee's share of the Taxes, Sublessee shall pay all Taxes levied, assessed or attributable to Sublessee's personal property, equipment and trade fixtures located on the Sublet Premises.

6. SUBLESSOR'S OBLIGATIONS. Sublessor agrees as follows:

A. Sublessor covenants and agrees that it shall observe and perform all of its covenants and agreements under the Master Lease except those expressly assumed by Sublessee under this Sublease, so as not to permit any default to occur. Sublessor further covenants that it shall not voluntarily agree with Master Lessor to terminate the Master Lease during the term of this Sublease, except as expressly provided herein.

B. Sublessor agrees to accord to Sublessee the same services and benefits with respect to the Sublet Premises that Sublessor is accorded (to the extent that Sublessor receives such benefits from Master Lessor) under the Master Lease. Sublessor shall not otherwise be obligated to provide Sublessee with any services or benefits. Any notice required under the Master Lease relating to such benefits to be given by Sublessor to Sublessee shall be given within a reasonable time after Sublessor receives the corresponding notice from Master Lessor under the Master Lease.

C. Provided Sublessee promptly pays all Rent due under this Sublease and promptly and faithfully performs all other covenants and undertakings of Sublessee as sublessee hereunder, and provided further that Sublessor's right to possession of the Premises demised to it as lessee under the Master Lease remains in effect throughout the Term of this Sublease, Sublessor warrants to Sublessee quiet possession and enjoyment of the Sublet Premises during the Term of this Sublease. If Sublessor's right to possession of the Premises shall terminate at any time during the Term of this

Sublease, then thereupon this Sublease and the Term granted to Sublessee hereunder shall immediately terminate. Sublessor shall have no liability to Sublessee by reason of such termination unless such termination results from a default by Sublessor under the provisions of subparagraph 6A hereof. Additionally, if the Master Lease gives Sublessor any right to terminate the Master Lease in the event of a default by Master Lessor, the partial or total damage, destruction or condemnation of the Premises, the exercise of such right by Sublessor shall not constitute a default or breach hereunder.

7. SUBLESSEE'S OBLIGATIONS. With respect to the Sublet Premises, Sublessee agrees as follows:

A. to assume and undertake, to be bound by and become liable for, and promptly and faithfully to perform each covenant, undertaking, agreement, and obligation of Sublessor as lessee under the Master Lease, except as expressly modified by this Sublease, including, without limitation, to keep the Sublet Premises in good condition and repair without alteration or modification and to deliver possession of the Sublet Premises to Sublessor upon the expiration or earlier termination of this Sublease in the same condition as received, ordinary wear and tear and damage by fire or other casualty excepted and to use the Sublet Premises in a quiet and orderly fashion and not to suffer or permit any violations of laws or ordinances therein. Sublessee's agreement under the preceding sentence shall inure to the benefit both of Sublessor as sublessor herein and of Master Lessor in the Master Lease.

B. to indemnify and hold Sublessor and its successors and assigns harmless, at Lessee's sole cost, against and from any and all claims, demands, actions, causes of action, debts, liabilities, obligations, judgments and decrees, which may be made, asserted or recovered against them or any one or more of them by virtue of Sublessee's occupancy or use of the Sublet Premises or Sublessee's failure to perform any such covenant, undertaking, agreement or obligation of Sublessor as lessee under the Master Lease as provided in this Sublease. Sublessee further agrees to deliver to Sublessor and to Master Lessor any further instruments or documents which may be reasonably required to establish to the satisfaction of Sublessor or Master Lessor that Sublessee has agreed to be bound and become liable under the terms and conditions of the Master Lease as provided in this paragraph.

8. SUBLESSEE'S PERSONAL PROPERTY. Sublessee assumes sole risk for loss or damage to its personal property, equipment and trade fixtures ("Personal Property") on or about the Sublet Premises. Sublessor shall not be liable for any damage to Sublessee's Personal Property from any cause whatsoever. Sublessee shall maintain such insurance as it deems adequate and appropriate for the protection of its Personal Property. At no time and in no event may Sublessee remove from the Sublet Premises or the Premises any property, equipment or trade fixtures of any kind belonging to Sublessor.

9. SUBLESSOR'S REMEDIES.

A. In the event of a default by Sublessee, Sublessor shall have all the remedies accorded the Master Lessor under the Master Lease as to the default by the lessee thereunder.

B. In the event Sublessee fails to perform any of its obligations hereunder, then Sublessor may, but in no way shall be obligated to, perform all or any part of Sublessee's obligations hereunder on behalf of Sublessee. Any costs or expenses actually incurred by Sublessor which were

necessary in Sublessor's reasonable judgment in so performing Sublessee's obligations (including, but not limited to, Sublessor's reasonable attorneys' fees and costs) shall be additional rent due hereunder immediately upon demand for payment by Sublessor to Sublessee and shall bear interest at the rate of two percent (2%) per month from the date expended by Sublessor until the date repaid by Sublessee.

C. If, as a result of a default under this Sublease by Sublessee, Master Lessor deems Sublessor in default under the Master Lease and pursues such remedies therefor as may be provided Master Lessor by law, equity or in the Master Lease, Sublessee agrees to reimburse Sublessor promptly on demand the amount of any and all costs, claims and expenses, including reasonable attorneys' fees and costs resulting therefrom.

10. **SUBLESSEE'S REMEDIES.** In the event of any breach of this Sublease by the Sublessor, Sublessee shall have all of the remedies accorded the lessee under the Master Lease as to the default by the lessor thereunder. Notwithstanding the above, Sublessee agrees that in the event of any default by Sublessor hereunder which arises from a failure of Master Lessor to perform its obligations under the Master Lease, so long as Sublessor diligently pursues an action against Master Lessor, Sublessee's monetary damages and remedies against Sublessor for such default shall in all cases be limited to, and shall not exceed, those monetary damages recovered by Sublessor from the Master Lessor by reason of such breach and those remedies successfully invoked by Sublessor against Master Lessor for such default by Master Lessor under the terms of the Master Lease.

11. **ALTERATIONS.** Sublessee shall not make any alterations or leasehold improvements to the Sublet Premises without Sublessor's prior written consent, which consent may be withheld in Sublessor's sole and absolute discretion. In the event Sublessee desires to make an alteration or leasehold improvement, Sublessee shall submit the proposed plans and specifications to Sublessor at the time Sublessee seeks Sublessor's consent. If Sublessor approves of the proposed alterations or leasehold improvements, all such work shall comply with Paragraph 7 of the Master Lease. Whenever consent of the Sublessor is required with respect to such alterations and leasehold improvements, consent of the Master Lessor shall also be required.

12. **ASSIGNMENT AND SUBLETTING.** Sublessee shall not assign or sublease the Sublet Premises without Sublessor's prior written consent, which consent may be withheld in Sublessor's sole and absolute discretion. In the event Sublessee desires to assign or sublease the Sublet Premises, Sublessee shall submit the name and address of the proposed assignee or subtenant, the terms of the proposed assignment or sublease and the proposed form of assignment or sublease to Sublessor and Master Lessor at the time Sublessee seeks Sublessor's consent. If Sublessor approves of the proposed assignment or sublease, Sublessee shall not be relieved of its obligations under this Sublease, consistent with Paragraph 16B of the Master Lease. Whenever consent of the Sublessor is required with respect to an assignment or sublease, consent of the Master Lessor shall also be required.

13. INSURANCE.

In addition to the insurance to be carried by Sublessor as lessee under the Master Lease, Sublessee shall maintain during the Term of this Sublease the following coverage:

A. Comprehensive public liability and property damage insurance in an amount not less than One Million Dollars (\$1,000,000.00), single limit, with respect to personal injury, death and property damage for any one occurrence. The policy shall name Sublessor as an additional insured and shall have attached thereto an endorsement which requires at least thirty (30) days written notice to Sublessor prior to cancellation, termination or modification.

B. Sublessee shall maintain its own insurance on Sublessee's Personal Property as well as the leasehold improvements. Such insurance shall provide that it is specific and not contributory.

All insurance policies to be maintained by Sublessee hereunder shall be written with companies authorized to do business in the State and otherwise be consistent with the terms of Paragraph 13 of the Master Lease.

14. NOTICES. All notices, requests and demands to be made hereunder shall be in writing at the address set forth in paragraph 2.4 by any of the following means: (a) personal service (including service by overnight courier service); (b) electronic communication, such as facsimile (if confirmed in writing sent by registered or certified, First Class Mail, return receipt requested on the same day as the electronic transmission); or (c) registered or certified, First Class Mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, request or demand sent pursuant to either subsection (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means, and if sent, pursuant to subsection (c) shall be deemed received three (3) days following deposit in the mail.

15. SUCCESSORS AND ASSIGNS. The terms, covenants and conditions of this Sublease shall inure to the benefit of and be binding upon the respective parties hereto, their successors and permitted assigns.

16. CONDITION OF THE SUBLET PREMISES. Sublessee agrees to accept the Sublet Premises in "as is" condition, and agrees that, except as expressly provided herein, Sublessor is under no obligation to improve, alter or otherwise prepare the Sublet Premises for occupancy.

18. SUBLESSOR TERMINATION RIGHT. It is agreed that this Sublease shall be terminated upon termination by Sublessor (or Sublessee) for cause or any or no reason of the Towing Agreement by and between Sublessor and Absolute Towing dated October 1, 1991.

19. CONSTRUCTION, ALTERATIONS AND IMPROVEMENTS. Sublessee, at Sublessor's expense, may construct or remodel the Sublet Premises in accordance with the plans, specifications, elevations and renderings ("Plans") to be prepared by Sublessor and approved by Sublessee and Master Lessor, which approval shall not be unreasonably withheld or delayed. The Plans shall require the

completion of the Sublet Premises, including all facilities and services specifically required by this Sublease, with sound materials and good construction and in all cases consistent with the requirements of the Master Lease. Sublessor and Master Lessor shall approve or disapprove of the Plans within five (5) days after the same are submitted by Sublessee and, upon approval thereof by Sublessor and Master Lessor. The Plans shall be deemed to be attached to and form a part of this Sublease. Sublessee shall proceed with construction promptly upon the approval of the Plans and shall take all reasonable efforts to substantially complete the Sublet Premises by the Anticipated Commencement Date. Substantial Completion shall mean that the Sublet Premises are completed such that (A) Sublessee can begin to use the Sublet Premises for their intended purposes without material interference from Sublessor and (B) the only incomplete items are either cosmetic or otherwise not material to Sublessee operating its business in the Sublet Premises. Sublessor shall not be liable for any delays in delivering the Sublet Premises to Sublessee by the Anticipated Commencement Date and Sublessee shall not be able to terminate this Sublease as a result of any such delays unless Sublessor has failed to deliver the Sublet Premises at least sixty (60) days prior to the anticipated commencement date.

20. **SIGNS.** To the extent permissible by the Master Lease and provided any such installation is consistent with the standards of the Master Lease, Sublessor will not unreasonably withhold consent to Sublessee's lettering of windows or erection of signs as are reasonably necessary to identify Sublessee's business.

21. **PARKING.** Sublessee shall be entitled to the same exclusive use of six parking spaces (as designated in the Master Lease for Sublessor) for its employees and invitees. Sublessor, at Sublessor's cost, shall mark or otherwise designate these parking spaces as being available exclusively to Sublessee. Sublessee shall not, however, be permitted to service vehicles in the parking lot, or park large trucks in the parking lot at any time.

22. **ATTORNEYS' FEES.** If Sublessor or Sublessee shall commence an action against the other arising out of or in connection with this Sublease, the prevailing party shall be entitled to recover its costs of suit and reasonable attorneys' fees in addition to any other relief to which such prevailing party may be entitled.

23. **UNTENABILITY.** If the Sublet Premises, or any portion thereof, are made untenable by fire or other casualty, Rent shall abate proportionately from the date of such casualty to the date the damaged portion of the Sublet Premises is restored. Sublessor shall restore the Sublet Premises, to the extent of the insurance proceeds made available for such restoration, as promptly as practicable exercising due diligence and, if Sublessor has not restored the Sublet Premises within ninety (90) days after the date of the casualty, Sublessee shall have the right to terminate this Sublease. If the Sublet Premises are more than fifty percent (50%) destroyed by casualty, either Sublessor or Sublessee may terminate this Sublease, retroactive to the date of the casualty, by notice delivered within fifteen (15) days of the date of the casualty; failing such notice, Sublessor shall restore the Sublet Premises to the extent of the insurance proceeds made available for such restoration.

24. **APPROVAL OF MASTER LESSOR.** This Sublease is subject to, and shall be of no force and effect until receipt of the approval of the Master Lessor.

25. NO RELATIONSHIP BETWEEN MASTER LESSOR AND SUBLESSEE. This is a sublease and nothing contained herein or the approval of Sublessee by Master Lessor shall in no way be deemed to create any contractual relationship between Master Lessor and Sublessee.

IN WITNESS WHEREOF, the parties have caused this Sublease to be executed on the date first above written.

Sublessee:

UNITED ROAD SERVICES,
An Delaware corporation

By Alton D. Pan
Its President & COO.

Sublessor:

INSURANCE AUTO AUCTIONS, INC.,
an Illinois corporation

By Stephen Y. Green
Its Vice President - Finance

NO CONSENT OF MASTER LESSOR REQUIRED

CONSENT OF MASTER LESSOR REQUIRED

John
Vice President

EXHIBIT "A"

MASTER LEASE



CHANGE NOTICE NO.: 2001.033

EFFECTIVE: September 20, 2001

WESTERN
DIVISION

WESTERN DIVISION:

Properties

SITE NAME: Hewitt

CITY: Los Angeles

PROPERTY FILE NO.: CA-LW-17A-000282-004

COUNTY: Los Angeles

PERMANENT SITE NO.:
CA-LW-17A

COST CENTER/OPERATING NO.:

TAX PARCEL NO.:

A Portion of APN:
2307-022-010-000

NATURE OF CHANGE:

Lease Terminated

ACREAGE:

7.600

DESCRIPTION OF CHANGE:

LEASE TERMINATED AS OF SEPTEMBER 20, 2001:

LANDLORD: CalMat Co.

LESSEE: Desmond Studio Production Services

USE: Parking & Storage of Trucks, Vans and Movie Studio Equipment.

-Last months rent waived in the amount of 14,655.37 for the month of October 2001.

-Amount of \$12,500.00 refunded for security deposit.

BRIEF PROPERTY DESCRIPTION:

See attached map.

DISTRIBUTION:

Collar, J.
Ortega, S.
Zeller, D.
fileDATE: 11/16, 2001 *deleted**Cindy S. Klies*
Cindy S. Klies*Brian W. Ferris*
Brian W. Ferris

Vulcan

Materials Company

CalMat Division

October 4, 2001

Mr. Don Desmonds
DESMONDS STUDIO EQUIPMENT
P.O. Box 15817
North Hollywood, California 91615-5817

VIA: U.S. Mail

REFERENCE: 7301 Laurel Canyon Blvd.
North Hollywood, California 91605

Dear Mr Desmonds:

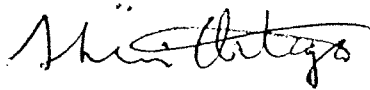
Pursuant to paragraph 6., Security Deposit, of the above-referenced Lease, please accept this letter as written confirmation that Landlord has accepted Tenant's surrender of the Premises in an "As Is" condition for visible discrepancies, effective September 20, 2001. Please note that this does not release Tenant from liability for discrepancies which may exist but may not be visible upon the walk through inspection. Please also note that we have waived your last months rent in the amount of \$14,655.37 for the month of October 2001.

Enclosed is our check number 181003 in the amount of \$12,500.00 which represents the refund of your security deposit on hand.

If you have any questions or if I can be of additional assistance, please call me at (323) 474-3607.

Sincerely,

Vulcan Materials Co.,
Western Divison.



Sheri Ortega
Property Manager

cc: Mike Linton
Paul Maldonado
Dan Zeller

CA-LW-17A-000282-004

SCALE 1" = 400'

7/1/02
59-61-2
49-28-0
3-27-64

[illegible]

PROPERTY OF THE LANKERSHIM RANCH
- LAND & WATER CO. - M.R. 31-39-44
TRACT NO. 1212 M. B. 18-126-127
TRACT NO. 22668 M. B. 709-97-98

FOR PREV. ASSMT. SEE: 2307-
19 & 21

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

CA-LW-17A
HEWITT

Street lines per M. S. 31-59-44 are considered the lot lines in this tract, although the divisions of some lots are measured from the centerlines of the streets.

UPDATED: 07,
By: S. OR

LEASE SYNOPSIS
LAUREL CANYON HOLDINGS, LLC
7361 Laurel Canyon Blvd.
Approximately 58.9 Acres
Lease dated December 18, 2001
(Self Storage Land)

I. SUMMARY OF TERMS

- A. PROPERTY LOCATION
- B. PROPERTY SIZE
- C. PERMITTED USE

7361 LAUREL CANYON BLVD.
APPROX. 58.9 ACRES

ABOVE-GROUND STORAGE- SPACE "A" &
"B"
SPACE "C" CURRENTLY NOT PERMITTED

SEE ATTACHED RENT SCHEDULE
SEE ATTACHED RENT SCHEDULE

25 YEARS

FEBRUARY 1, 2002

DECEMBER 31, 2026

- D. INITIAL BASE MONTHLY RENT
- E. INITIAL RATE @ SQUARE FOOT

- F. TERM

- G. LEASE COMMENCEMENT

- H. LEASE EXPIRATION

- I. TOTAL PRO-FORMA CONSIDERATION
(NOT INCLUDING UPS)

- J. CONCESSIONS

- K. ADJUSTED CONSIDERATION

- L. IMPROVEMENT ALLOWANCE

- M. SECURITY DEPOSIT

- N. ANNUAL INCREASE

- O. INCREASE MONTH

- P. EXPENSE STOP

- Q. TAX PROTECTION/EXPENSE STOP

- R. EXPENSE ZONE

II. MISCELLANEOUS NOTES

SEE ATTACHED RENT SCHEDULE

N/A

NONE

\$105,856

C.P.I.

JANUARY EVERY 2 YRS.

N/A

N/A

N/A

North Hollywood - Lease Value

		Lease			Initial			Abatement		
		Monthly \$/Sq. Ft.	Monthly Rent	Annual Rent	Monthly \$/Sq. Ft.	Monthly Rent	Annual Rent	Monthly \$/Sq. Ft.	Monthly Rent	Annual Rent
Constant \$000s	Acres									
Lease Space A	19.13	0.0800	66,664	799,971	0.0362	30,165	361,987	0.0438	36,499	437,984
Lease Space B	21.72	0.0800	75,690	908,278	0.0800	75,690	908,278	-	-	-
Lease Space B	0.13	-	-	-	-	-	-	-	-	-
Lease Space C	14.89	0.0500	32,430	389,165	-	-	-	0.0500	32,430	389,165
Lease Space C	3.03	-	-	-	-	-	-	-	-	-
Total/Average	58.90	0.0681	174,784	2,097,414	0.0413	105,854	1,270,265	0.0269	68,929	827,149

Vulcan
Materials Company
WESTERN DIVISION

Vulcan Materials Co.
Original Signature Copy

SPB

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is executed and entered into by and between **CALMAT PROPERTIES CO.**, a California corporation, ("**Assignor**") and **LAUREL CANYON HOLDINGS, LLC**, a Nevada limited liability company ("**Assignee**");

RECITALS

A. Assignor and Assignee have entered into a Master Lease Agreement ("**Master Lease**") pursuant to which Assignees have agreed to lease the parcels of real property commonly described as: Hewitt Site, 7361 Laurel Canyon Boulevard, North Hollywood, California, together with the improvements situated thereon, and all appurtenances thereto (the "**Property**"). Said Property is more particularly described on Exhibit "A" which is attached hereto and incorporated herein.

B. Assignor, as Lessor, has previously entered into various leases (the "**Existing Leases**") with the persons and entities identified on the schedule which is attached as Exhibit "B," as Lessees, covering certain portions of the Property and some of the improvements situated thereon. A true and correct copy of that certain Existing Lease identified in the Master Lease as the "**IAAI Lease**" is attached hereto as Exhibit "C" and made a part hereof.

C. Assignor has accepted and retained security deposits and other deposits from Lessees under the Existing Leases.

D. Pursuant to the Master Lease, Assignor has agreed to convey to Assignees all right, title and interest in and to the Existing Leases and all unforfeited security and other deposits for the Existing Leases.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, assignor and assignee agree as follows:

SFB

1. ASSIGNMENT

Assignor hereby GRANTS, SELLS, CONVEYS, ASSIGNS, TRANSFERS, SETS OVER and DELIVERS unto Assignee, its successors and assigns, all of Assignor's right, title and interest in and to the Existing Leases, security deposits and other deposits including, without limitation, all of the rights, powers, estates and privileges of Assignors in, to and under the Existing Leases as of the Commencement Date specified in the Master Lease (the "**Effective Date**"); provided, however, that Assignor shall retain the right to recover any unpaid rent, interest and/or late charges that may be due under the Existing Leases as of the Effective Date.

2. ASSUMPTION

In consideration of the foregoing and for other good and valuable consideration, Assignee hereby assumes and agrees to perform all of the Lessor's covenants, conditions and obligations under the Existing Leases after the Effective Date; provided, however, that Assignee shall not have any obligation to maintain the Methane Gas Recovery System at the Property, and provided further that the liabilities and responsibilities of the Assignor and Assignee with regard to Hazardous Materials that exist on, in or about the Property as of the Effective Date shall be as set forth in the Master Lease.

3. NOTICE TO LESSEES

Within thirty (30) days following the Effective Date, Assignor shall give notice to the Lessees under the Existing Leases that Assignee has acquired an interest in the Property and owns the Lessor's interest in the Existing Leases. Further, Assignee agrees to remove all signs containing the names Vulcan Materials Company, and Calmat, and any derivative thereof, from the Property within thirty (30) days following the Effective Date.

4. ASSIGNOR'S COVENANT AND DISCLAIMER OF WARRANTIES

Assignor covenants that the Existing Leases are in full force and effect and that there are no defaults under the Existing Leases except as set forth on the schedule which is attached as Exhibit "D." Further, Assignor represents and warrants that the lease attached hereto as Exhibit "C" is a true

and correct copy of the IAAI Lease. Except as set forth above, Assignor makes no other representation or warranty with respect to the Existing Leases.

5. INDEMNITY

a. By Assignor. Assignor hereby covenants and agrees to indemnify, save and hold harmless Assignee from and against any and all liability, claims or causes of action existing in favor of or asserted by any party to any of the Existing Leases or by any third party, arising out of or relating to Assignor's failure to perform any of its obligations under the Existing Leases prior to the date hereof.

b. By Assignee. Assignee hereby covenants and agrees to indemnify, save and hold harmless Assignor from and against any and all liability, claims or causes of action existing in favor of or asserted by any party to any of the Existing Leases or by any third party, arising out of or relating to Assignee's failure to perform any of its obligations under the Existing Leases after the date hereof.

6. MISCELLANEOUS

a. Waivers. No waiver or breach of any covenant or provision shall be deemed a waiver of any other covenant or provision. No waiver shall be valid unless in writing and executed by the waiving party.

b. Binding on Successors. All of the covenants, terms and conditions set forth herein, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

c. Entire Agreement. This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter hereof and supersedes all prior offers, negotiations and understandings and agreements of the parties with respect to the subject matter hereof.

d. Severability. If any term or provision of this Assignment shall be held invalid or unenforceable, such provision shall be severed from this agreement, and the remainder of this Assignment shall not be affected.

SFB

e. **Construction.** This Agreement shall not be construed as if it had been prepared by one of the parties but, rather, as if both parties prepared the Agreement.

f. **References.** The singular includes the plural, and the neuter includes the masculine and the feminine. If more than one executes this Agreement, the term Debtor shall be deemed to refer to each of the undersigned as well as to all of them, and their obligations and agreements hereunder shall be joint and several.

g. **Choice of Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California.

h. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same agreement.

i. **Amendments.** This Agreement may not be amended or altered except by written instrument executed by the parties.

j. **Notices.** All notices, requests, demands and other communications hereunder shall be in writing, may be delivered in person, by mail or private courier or by facsimile, telegraphic or other electronic means and shall be deemed to have been duly given and to have become effective (a) upon receipt if delivered in person, by private courier or by facsimile, telegraphic or other electronic means, or (b) three (3) days after having been deposited in the mails as certified or registered matter, all fees prepaid, directed to the parties at the following addresses (or at such other address as shall have been given in writing by a party hereto):

If to Assignee: LAUREL CANYON HOLDINGS, LLC
20 Clarington Way
Barrington, IL 60010-6932

Attn: Stephen F. Botsford, Managing Member
Telephone: (874) 381-2701
Facsimile: (874) 381-3207
e-mail: bots@turnberry.net

If to Assignor: CALMAT PROPERTIES CO.
c/o Vulcan Materials Company
Western Division
P.O. Box 39756
Los Angeles, CA 90039
Attn: Sheri Ortega, Property Manager
Telephone: (323) 474-3607
Facsimile: (323) 254-1191

k. Further Assurances. Whenever requested to do so by the other party, each party shall execute, acknowledge and deliver any further instruments, approvals, consents or such other documents that are necessary, expedient or proper to complete the transaction contemplated by this Agreement. In addition, each party shall do any other acts and execute, acknowledge and deliver any requested documents in order to carry out the intent and purpose of this Agreement.

l. Attorneys' Fees. In the event of any litigation between Assignor and Assignee arising out of the obligations created by this Assignment or concerning interpretation of any of its provisions, the losing party shall pay the prevailing party's costs and expenses of litigation, including reasonable attorneys' fees.

THIS AGREEMENT is dated as of the 22 day of December, 2001.

ASSIGNOR:

CALMAT PROPERTIES CO.,
a California corporation

By Michael Link
Name Michael Link
Title V.P. Business Development

ASSIGNEE:

LAUREL CANYON HOLDINGS,
LLC, a Nevada limited liability company

By Stephen F. Botsford
Name Stephen F. Botsford
Title Manager

Exhibits to Assignment and Assumption Agreement

Exhibit A – Property Description

Exhibit B – Schedule of Existing Leases

Exhibit C – Copy of IAAI Lease

Exhibit D – Defaults Under Existing Leases

JFB

EXHIBIT "A"

***TR*22668* LOT COM SE ON NE LINE OF SPRR R/W 71.29 FT FROM
INTERSECTION OF SD NE LINE WITH NE LINE OF HOLLYWOOD
FRWY (PER MM 271) TH N 39°05'36" W 42.66 FT TH N 30°03' W 139.79
FT TH N 23°17'45" W 42.26 FT TH N 14°05'20" W 48.15 FT TH N
21°08'74" W 870.64 FT TH W TO C/L OF WHITSETT (VAC) AVE TH N
ON SD C/L TO SE LINE OF WHITSETT AVE TH NE THEREON TO NW
LINE OF LOT 1 TH NE AND FOLLOWING BDRY LINE OF SD LOT TO
BEG POR OF VAC ST AND POR OF LOT 1**

SPB

7361 LAUREL CANYON BLVD.
NORTH HOLLYWOOD, CA

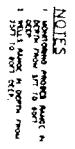


EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
F-01	ABRAMOVITCH ABRAHAM
C-12	ABRAMS, GLORIA
G-64	AFRIMI ZVIKA
G-65	AFRIMI ZVIKA
G-21	AGUILA STEPHANIE
RV-211	ALBIN, HOMER G.
RV-314	ALBOR, LEROY
G-49	ALFONSO, LUIS
O-327	ALL SAINTS HEALTH CARE
B-29	ALLEN, LIBERTY
G-15	AMERICAN BEST APPLIANCE
G-24	AMMAN KATHY
G-58	AMMAN KATHY
G-59	AMMAN KATHY
RV-516	ANDERSON, NOLAN
H-27	ANTHONY ROBIN / MARGARET
B-23	ANUGWOM RUSSELL
F-18	ARANA, EFRAIN
H-41	ARBELAEZ, GEYMAN
H-42	ARBELAEZ, GEYMAN
G-20	ARTEAGA ESTRADA SANDRA
RV-407	AUSTIN EARL
RV-515	AYUSO LAWRENCE
RV-060	BAILEY WILLIAM P
RV-714	BAKER, ALAN D
C-14	BALASCO BODINE
RV-221	BARKS, JAMES R.
O-500	BARNES JOHN
D-28	BARRERO, DAVID
F-30	BARTROFF, LARRY
E-20	BAUGHAN, KRISANDRA G.
C-06	BECK LISA
RV-308	BELL PAULA
B-13	BENDEHAN SAMUEL
A-26	BENNETT, RICHARD
D-21	BERLINER PATRICIA
RV-502	BERRIOLOPE, BEN
A-04	BILL SCOTT & ASSOCIATE
RV-315	BIRCH JACK
G-07	BIRD, JOSEPHINE
RV-316	BLEVINS, GENE
A-12	BLOUNT ANGELA
F-21	BOGUSE ALAN
RV-703	BOGUSE, ALAN
H-52	BOHRES SCOTT C.

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-300	BOHRES SCOTT C.
RV-059	BOLDEN DONALD
B-12	BOOTHE EUGENE B
RV-415	BORTHWICK, GEORGE W
RV-402	BOUDAE DANIEL
RV-614	BOWMAN, TOM
RV-325	BOWREN, W.F.
A-05	BRICKER, TRACY
H-11	BRICKER, TRACY
H-12	BRICKER, TRACY
G-43	BROWN GLEN
H-07	BROWN MILTON
H-08	BROWN MILTON
H-39	BROWN, MILTON
G-25	BRYANT, JOYCE
C-18	BRYSON, LANA
F-02	BUACHAREPN KOSIT
A-32	BUACHARERN NENITA
A-33	BUACHARERN NENITA
C-30	BUACHARERN NENITA
RV-405	BUCY THOMAS L.
RV-602	BURGER W.J.
B-01	BYER, CHRISTOPHER
G-22	CABRERA, ANGEL
G-36	CALANCHE, BRUNO
F-39	CALANDRE BRUNO
G-37	CALANDRE BRUNO
C-01	CALMAT STORAGE
O-349	CALMAT STORAGE
F-40	CAMACHO MARCO ENRIQUE
C-27	CAMACHO, MARCO E.
RV-056	CAMRON WILLIAM
O-364	CANO RAUL
O-358	CARRILLO RAFAEL
A-11	CARRILLO RAFAEL/ANDREA
C-23	CARRILLO RAKAEL
L-01	CARTER FENCE
RV-616	CARTER FENCE
RV-801	CARTER FENCE
A-20	CASEY, RANDI J.
O-331	CASTILLERO FLAVIO
G-05	CASTILLO, IGNACIO
G-54	CASTILLO, MARIA
B-07	CASY SUSAN
RV-067	CATFORD ANDREW

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-065	CENTENO, WILBERT
F-10	CHAIDEZ, CRUZ
O-340	CHATTEN STEPHAINE
O-339	CHATTEN, STEPHANIE
O-344	CHESLEIGH JOHN
F-25	CHILDRENS LEARNING PROGRAM(MCKNIGHT, DOROTHY)
F-05	CHRISTNAT, CARMEN
O-302	CIRCA 1910 ANTIQUES
F-41	CISNEROS, GILBERT
A-01	COLE MICHELLE
C-04	COLLINS, ROBERT
RV-401	COLLINS, ROBERT
RV-209	CONGOLI FRANK A
RV-101	CONNIFF, RAY
D-23	COOLEY, JENNIFER
O-335	CORBER, G.
G-32	CORDOVA, VICTOR
C-21	CORRE A ZORDIDA
RV-406	CORRINGTON KARL
RV-216	COSTANZA, DOMINIC A.
B-06	COTTON, TAREA
O-355	CRAIG DAVID
G-46	CRAIG, DON
G-61	CULP DONALD R.
C-07	CUNNINGHAM, DONALD
H-25	CYPRESS WILLOW PROP/STORYTELLER
H-26	CYPRESS WILLOW PROP/STORYTELLER
RV-302	DAILEY, EARL
RV-413	DALLAS, SIDNEY
RV-220	DANIEL, STEVE
RV-066	DARNELL, DON
O-336	DAVEY THOMAS
RV-700	DAVEY, THOMAS
C-25	DEARMAN STACY
O-363	DEMETRIAL, PETER C.
O-300	DENISE BEACOM
H-53	DENNEY FRANK
O-368	DEQUETTEVILE, DARYL
O-368	DEQUETTEVILE, DARYL
C-02	DESANTIAGO, MARIA L.
O-312	DIANDA, CONSTANCE
C-15	DIANTONIO BRADLEY
C-29	DIAZ ETHEL
D-29	DILLWORTH ROBERT
G-53	DOGGETT, TIM

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-411	DOMINGUEZ, EDUARDO
A-02	DRAGER, RENEE
RV-098	DUCK, ROBERT
H-54	DUER, FRED
B-21	DUGDALE, LEONARD
RV-061	DUNLOP EDWIN
G-50	DURR, ROBIN
RV-204	EAGLES, DANIEL
E-09	ECKLUND KENT
O-332	EDC, INC.
F-04	EDWARDS GARY
G-13	EDWARDS GARY
G-14	EDWARDS GARY
O-348	EDWARDS GARY
A-03	ELMLIGY, MAHA
RV-207	EMBRY LEON
E-24	ENRIQUEZ, STEVE
G-57	ERENBERG, STEVEN
RV-064	ESPER A DWAIN
H-10	EXPERT AUDIO REPAIR
RV-304	FALCONE, MESSLL
A-28	FERNANDEZ, GUADELUPE
RV-109	FISKE, SANDY
B-24	FLORES PATRICIA/ RAMON
RV-200	FRAK, ROBERT W
RV-219	FRANCIS, NORMAN
RV-051	FRENCH, JOHN
RV-610	FRERE, MARK
RV-301	FUNES, FRANK
RV-115	GAGE, JOSEPH
D-24	GARCIA, DIVO
H-18	GARCIA, LAURA
B-27	GASPARIAN DANIEL
G-02	GATES LOUIS
H-55	GEIB DONA
H-56	GEIB DONA
H-33	GEIB DONNA J.
H-34	GEIB DONNA J.
O-346	GEIB DONNA J.
O-326	GENI ENTERPRISES INC.
O-353	GENI ENTERPRISES INC.
B-16	GEORGE GEORGE & SONS
RV-213	GEORGE, GEORGES
F-08	GEORGES, G.
H-58	GOETTE MOELLER CHERYL

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
F-38	GOLDIN LINDA
A-16	GOLDIN, LINDA
F-27	GOMEZ GRISEIDA
F-06	GONSALEZ, SONIA
E-06	GONZALEZ MANUEL
B-19	GOYTIA, MIKE E.
B-20	GOYTIA, MIKE E.
O-355	GRAIG, DAVID
F-31	GRAMMEL DIRK
RV-400	GREEN, DONALD
G-57	GREY, JAMES
RV-409	GRIGORIAN MADLEN DAVID
RV-111	GROSVENOR JEFF
RV-218	GUINTANA, JOSE
O-325	GULLICKSON MARY
RV-505	GUMPERTZ , D.G.
C-19	GUZMAN JUAN CARLOS
A-18	HALE, JOYCE
H-43	HANDYMAN GSP
C-03	HARNELL JESS
C-11	HARNELL JESS
H-35	HARNELL JESS
H-36	HARNELL JESS
B-03	HAROS ELVA
B-03	HAROS ELVA ALICIA
A-13	HARRELL JOHNNY LEE
RV-208	HAUCK DENNIS JR
A-17	HAUK, ALBERT
A-09	HAUSCHILD, MICHAEL
RV-312	HAVSCHILD MICHAEL
RV-410	HEMBREE, BOBBIE
D-25	HENSON, DELAVEN
RV-507	HERCZAK,GEORGE/BARBARA
O-316	HERNANDEZ AGUSTIN
O-540	HERNANDEZ AGUSTIN
H-49	HERNANDEZ IVETTE SONIA
G-35	HERNANDEZ, JOSE
H-16	HIGUERA CYNTHIA
RV-514	HINES, WILLIAM
O-365	HOBBS GARY
RV-412	HOLMES, KATHRYN H.
G-16	HOUSEPIAN, RAZMIK
RV-110	HUDSON HERBERT / BETTY
B-31	HUTCHINS STEVEN/ TAMI
F-14	INGLIS, JULIAN

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-317	INSURANCE AUTO AUCTION
O-351	INSURANCE AUTO AUCTION
O-318	JASINSKI, RON
E-26	JEFFERSON, DEBORAH R.
F-37	JENNIFER COFFEE (JEFF FERRERO)
B-09	JESS HARNELL INC
F-29	JIMENEZ, JOSE
G-30	JOHN PURDY INC.
G-31	JOHN PURDY INC.
B-08	JONES ERICK
B-15	JONES, BRIDGETTE
D-22	JORDAN, GERARD A.
G-10	JOSEPHINE, BIRD
G-26	KASHATRYAN ISHKHAN
G-27	KASHATRYAN ISHKHAN
RV-112	KELLERMON MICHAEL
RV-102	KERRIGAN, ANTHONY
O-345	KERRISK VALERIE
RV-222	KIM KAPSHIK
RV-307	KLUMP CHRISTIAN
G-50	KOCHLI DORON
G-62	KOLEDA JOSEPH
G-63	KOLEDA JOSEPH
RV-320	KOLLING, PETER
D-27	KON KORD RECORDS
RV-408	KOWULCZIK, EDWARD
F-36	KRULY MICHAEL (JOSEPH BRYANT)
G-23	KSHATRIYA ELIZABETH
F-03	KSHATRIYA, ELISABETH
E-27	KUFTERELIAN OGANES
RV-218	KURASZ ROBERT
D-20	KURZULIAN GREG
O-060	L.A. CHAMBER OF COMMERCE
O-045	L.A. CHAMER OF COMMERCE
O-311	L.A. FAMILY HOUSING CORP
O-537	L.G. FAMILY HOUSIN, CORP.
H-09	LACZKO PETER
F-34	LANGWELL, LAURA
O-360	LAPIDOT ELI
C-25	LAPIDOT, ELI
G-08	LARA JAIME A
O-501	LAWRENCE, TIM
RV-107	LECHTICK, MORRIS
A-24	LEWIS, FRED W.
E-05	LITTLE DARRYL

SFB

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-359	LOPEZ SANTOL & PABLO
O-357	LOPP LAURIE
L-01	LOS ANGELES AUTO SALVAGE
G-54	LUCHAN BEVELLY
RV-313	LUCKENBILL DAVID
RV-605	LUCKMAN, DAVID
F-19	LUNA, LUIS
F-12	LUZ GONZALEZ
C-09	MACK, MELONIE
A-06	MAIER, DIANE
C-24	MALIS, STEVEN
O-367	MALIS, STEVEN
F-33	MANANGON, EDGAR
C-28	MANVELYAN, EDWARD
RV-070	MARMAN, MARK
B-05	MAROUTIAN, SONA
O-329	MARTI, OSCAR
RV-509	MARTIN, AL
RV-600	MARTIN, GEORGE H.
A-15	MATA LEONARDO
RV-318	MATSON, JIM
RV-214	MATTHES, JOHN
G-41	MAU KATHERINE J
RV-105	MAZUR, B.E
H-24	MC CRANE , MELISSA (WIGHTMAN ALLAN)
RV-201	MCGREGOR ALEXANDER
RV-702	MCKNIGHT DOROTHY (CLP)
A-14	MCKNIGHT, DOROTHY
H-13	MCKNIGHT, DOROTHY
H-14	MCKNIGHT, DOROTHY
H-37	MCKNIGHT, DOROTHY
H-38	MCKNIGHT, DOROTHY
H-01	MEDINA, CINDY
RV-212	MEGLIORINO, RODOLFO
F-42	MEJIA, JORGE
G-60	MELCHOR JUAN
G-28	MELVILLE, GLORIA
G-29	MELVILLE, GLORIA
O-301	MENASHE SHOOKEY
E-19	MENDEZ, OMAR R.
H-28	MENENDEZ, ERIC
F-16	MERCADO, OSCAR
RV-106	MEYERSON, HENRY
RV-612	MICHAEL KELLERMAN & ASSOC
G-11	MILLION WILLIAM

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-361	MILLION, BILLY
RV-404	MILLS LARRY/DORIS
A-35	MITCHELL, JOYCE
A-36	MITCHELL, JOYCE
O-333	MONTCRIEFF, DONALD
O-534	MONTCRIEFF, DONALD
RV-058	MONTCRIEFF, DONALD
B-14	MORALES, ANITA
A-27	MORAN, EDUARDO O.
C-22	MOREHEAD AUTUMN J
H-57	MOREHEAD DIANE
G-18	MORENO, ARLEEN
RV-069	MORGAN RON
RV-099	MORGAN RON
RV-613	MORMAN MARK
E-28	MORRIS, RICK
F-24	MULL BRIAN
RV-416	MULLADY LOUIS F.
C-16	MURPHY GEORGE
O-505	MUSICTEK
B-30	MUSSALLAN J HANNA
B-02	MUSSALLAN, J HANNA
F-32	NAJAR, MARIA C.
E-04	NIEBLAS RAMON
C-13	NIETO, STALIN LOGAN
RV-512	NIWA, AKI/ AMY
O-341	NOVA LIGHTING
G-01	OAKS MARY ANN
A-30	OCEANIC NAVIGATION RESEARCH
A-31	OCEANIC NAVIGATION RESEARCH
B-17	ODAGIRI MASATKA
E-01	OLIPHANT, JEFFERY
E-08	OLIPHANT, JEFFERY
E-03	OLIPHANT, JEFFREY
A-29	OLIVEROS, TONY
D-19	OSUNA JESUS HECTOR
F-17	OTEDOLA TIMI-PAUL
E-07	OTEDOLA, TIMI-PAUL
C-10	PACHECO PEDRO
RV-217	PACHECO, NELSON
RV-504	PAGGI FELIX J.
G-39	PARRA, NORMA
G-40	PARRA, NORMA
RV-417	PARRISH, WILLIAM
H-05	PATRICIO. MARCELA

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
H-06	PATRICIO. MARCELA
G-47	PATTERSON, GARY
G-48	PATTERSON, GARY
O-356	PATTERSON, GARY
C-26	PEARSON, COLLEEN
RV-704	PEIRCE, RICHARD A.
C-12	PENA, RUDY
B-25	PERERA MARCO H
G-42	PERLONGO JIM/SHANA
G-09	PETULLA, MARK
B-10	PHILLIPS, JAKE
A-23	PICTURE HEAD
A-25	PICTURE HEAD
O-362	PICTURE HEAD
RV-802	PIERCE RICK
O-342	PIERCE, RICK
RV-508	PITTMAN, C.J
RV-055	PLANK RICHARD
RV-513	PLANK RICHARD
G-17	PORRO JOSEPH
H-19	PORRO, JOSEPH
H-20	PORRO, JOSEPH
B-26	PRIMA EQUIPMENT
F-28	PUGH, GARY
RV-324	RABER, STEVEN
H-61	RALPH EDWARDS PROD
H-62	RALPH EDWARDS PROD
B-04	RAMIREZ, TARNQUILINO
H-45	RAYMOND MAJORIE A.
H-46	RAYMOND MAJORIE A.
RV-052	REED CONWAY
G-04	REEVES, MARGIE
C-20	RESEARCH VIDEO
O-502	RESEARCH VIDEO
RV-510	REYES ROBERT R
G-33	RICHARDS HELEN
G-34	RICHARDS HELEN
RV-202	RICHARDSON JAMES/SANDRA
RV-210	RICHARDSON, TERRY
A-08	RIFE, LUCIA
RV-501	RIHA JAMES M.
O-338	ROBINSON RALPH L
G-19	ROBLES, ALMADELIA
F-07	RODRIGUEZ ELDAR
A-10	RODRIGUEZ ABRAHAM

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
F-26	ROJAS, EUDILIA
RV-205	ROMIE DONALD
RV-104	ROMINE JW
E-23	ROOT, JUSTIN
RV-306	ROSEN DAVE
H-59	RUBEO BRUNO
H-60	RUBEO BRUNO
E-25	SALVADOR, JOSE
H-47	SANCHEZ, GENEVNA
H-48	SANCHEZ, GENEVNA
E-02	SANDERS CONSTRUCTION
O-334	SANTA ROSA, CATHOLIC CHURCH
B-22	SANTOS DIONISIA
O-366	SATTERSTROM, RICHARD A
RV-500	SCHNITZIUS, MICHAEL
RV-103	SCHREINER, WALTER
RV-403	SCORDINO NICK
O-330	SCOTT, LAVERNE
E-22	SCS FIELD SERVICES
O-368	SECCOMBE, RICHARD
B-28	SEIFERT, JIM
H-21	SEIFERT, JIM
H-30	SEIFERT, JIM
H-31	SEIFERT, JIM
H-50	SEIFERT, JIM
H-51	SEIFERT, JIM
RV-506	SEMERDVIAN ALBERT
H-23	SHKLOVSKY, YEFIM
E-30	SHVARTSMAN, ARTHUR
H-44	SIEKERT MICHAEL
G-38	SIENS, SHANTAY
G-44	SILVERMAN RENEE
G-45	SILVERMAN RENEE
D-26	SILVERMAN, DAVID
G-44	SILVERMAN, RENEE
RV-310	SINCLAIR RICH
RV-503	SKINNER SARAH
RV-311	SMITH EUGENE W.
RV-701	SMITH, GREG
A-07	SOUL ERICK
RV-604	SPANGLER JENNIFER M.
RV-053	SPECTOR, IRWIN
RV-203	STOLL TOM
A-19	STRASZEWSKI, CARMEN
B-11	STRASZEWSKI, CARMEN

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
H-32	SUAREZ, EDGAR
E-21	TACCONELLI DANIEL
RV-114	TALAMANTES, JESS A.
RV-611	TAYLOR, MIKE
RV-054	TERSIGNI JOSEPH
H-63	TEVEBAUGH, L
H-64	TEVEBAUGH, L
A-22	TEVERBAGUH, LERITA
G-66	TEVERBAUGH, LERITA
H-29	THE ODELL GROUP
RV-063	TINTORI, MARION
RV-305	TOLEDO, RICHARD/DOLORES
O-328	TORRES, MOISES
RV-603	TORRIJOS ENRIQUE
A-21	TORRIJOS, DAYMARIS
C-17	TRAGER, ERIC
RV-323	TRINCHERO, BART
C-05	TROIA BETTY
RV-321	TRZEPACZ, PETER
RV-068	UDELL, PETER
D-30	UMBARGER, BETTY JO
F-13	VALDEZ, JEFFERY
H-40	VALENZUELA, MANUAL
G-12	VALLEY FRICTION MATERIALS
RV-615	VELARDE EDUARDO
RV-317	VELETZOS JEAN
F-09	VULCAN MATERIALS
O-303	VULCAN MATERIALS
O-304	VULCAN MATERIALS
O-305	VULCAN MATERIALS
O-306	VULCAN MATERIALS
O-307	VULCAN MATERIALS
O-308	VULCAN MATERIALS
O-309	VULCAN MATERIALS
O-310	VULCAN MATERIALS
O-312	VULCAN MATERIALS
O-313	VULCAN MATERIALS
O-314	VULCAN MATERIALS
O-315	VULCAN MATERIALS
O-319	VULCAN MATERIALS
O-320	VULCAN MATERIALS
O-321	VULCAN MATERIALS
O-322	VULCAN MATERIALS
O-323	VULCAN MATERIALS
O-324	VULCAN MATERIALS

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
O-337	VULCAN MATERIALS
O-343	VULCAN MATERIALS
O-347	VULCAN MATERIALS
O-354	VULCAN MATERIALS
O-369	VULCAN MATERIALS
O-503	VULCAN MATERIALS
O-504	VULCAN MATERIALS
O-506	VULCAN MATERIALS
O-507	VULCAN MATERIALS
O-508	VULCAN MATERIALS
O-509	VULCAN MATERIALS
O-510	VULCAN MATERIALS
O-511	VULCAN MATERIALS
O-512	VULCAN MATERIALS
O-513	VULCAN MATERIALS
O-514	VULCAN MATERIALS
O-515	VULCAN MATERIALS
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O-519	VULCAN MATERIALS
O-520	VULCAN MATERIALS
O-521	VULCAN MATERIALS
O-522	VULCAN MATERIALS
O-523	VULCAN MATERIALS
O-524	VULCAN MATERIALS
O-525	VULCAN MATERIALS
O-526	VULCAN MATERIALS
O-527	VULCAN MATERIALS
O-528	VULCAN MATERIALS
O-529	VULCAN MATERIALS
O-530	VULCAN MATERIALS
O-531	VULCAN MATERIALS
O-532	VULCAN MATERIALS
O-533	VULCAN MATERIALS
O-535	VULCAN MATERIALS
O-536	VULCAN MATERIALS
O-538	VULCAN MATERIALS
O-539	VULCAN MATERIALS
RV-418	WAGNER, WILLIAM
RV-108	WAINRIGHT KEN
E-10	WEINTRAUB CRAIG
B-18	WEISEL JOSHUA
H-02	WELCH, NATASHA
RV-100	WETTS WAYNE

EXHIBIT B
SCHEDULE OF EXISTING LEASES
7361 Laurel Canyon Blvd, North Hollywood, CA

UNIT #	TENANT
RV-206	WHITE, DAVID
F-23	WIGHTMAN, ALAN R
RV-607	WILHITE, ADAM
RV-601	WILLEY, GRAIG
A-34	WILLIAMS, PIERRE
O-352	WOFLE GRANVILLE
RV-062	WOLFE GRANDVILLE
O-052	WOODHEAD, A.L.
G-06	WYDEN ROMAN
C-08	YANEZ, EDUARDO A.
RV-414	YEGHIAZARIAN, EDWARD
G-03	YOSHIDA, ELIZABETH
RV-511	ZAFRANI, EDMUND
H-03	ZAMORA SERVIO
H-04	ZAMORA SERVIO
H-22	ZANGANELI DAVID
RV-215	ZUBER, ROBERT J. JR.
RV-608	ZUKERT, BILL (HOLLAND GLADYS)



CHANGE NOTICE NO. 2006.049

EFFECTIVE June 15, 2006

**WESTERN
DIVISION****WESTERN DIVISION** Construction Materials Division**SITE NAME** Hewitt**PROPERTY FILE NO.** CA-LW-17A-000282-009**CITY** North Hollywood**COUNTY** Los Angeles**PERMANENT SITE NO.****COST CENTER/OPERATING NO.****TAX PARCEL NO.**

CA-LW-17A

NATURE OF CHANGE First Amendment to Lease**ACREAGE**

58.49 (Database, APN)

DESCRIPTION OF CHANGE

LESSOR/LANDLORD: CalMat Co., a Delaware Corporation, as successor by merger to
CalMat Properties Co.

LESSEE/TENANT: Laurel Canyon Holdings, LLC a Nevada Limited Liability Company

By this First Amendment, Landlord and Tenant wish to amend and modify the Master Lease to set forth the rights and obligations of the parties with respect to the Zoning Change, the Rezoning Requirements and construction of any Improvements at, on or about the Premises.

BRIEF PROPERTY DESCRIPTION

See attached map

DISTRIBUTION:

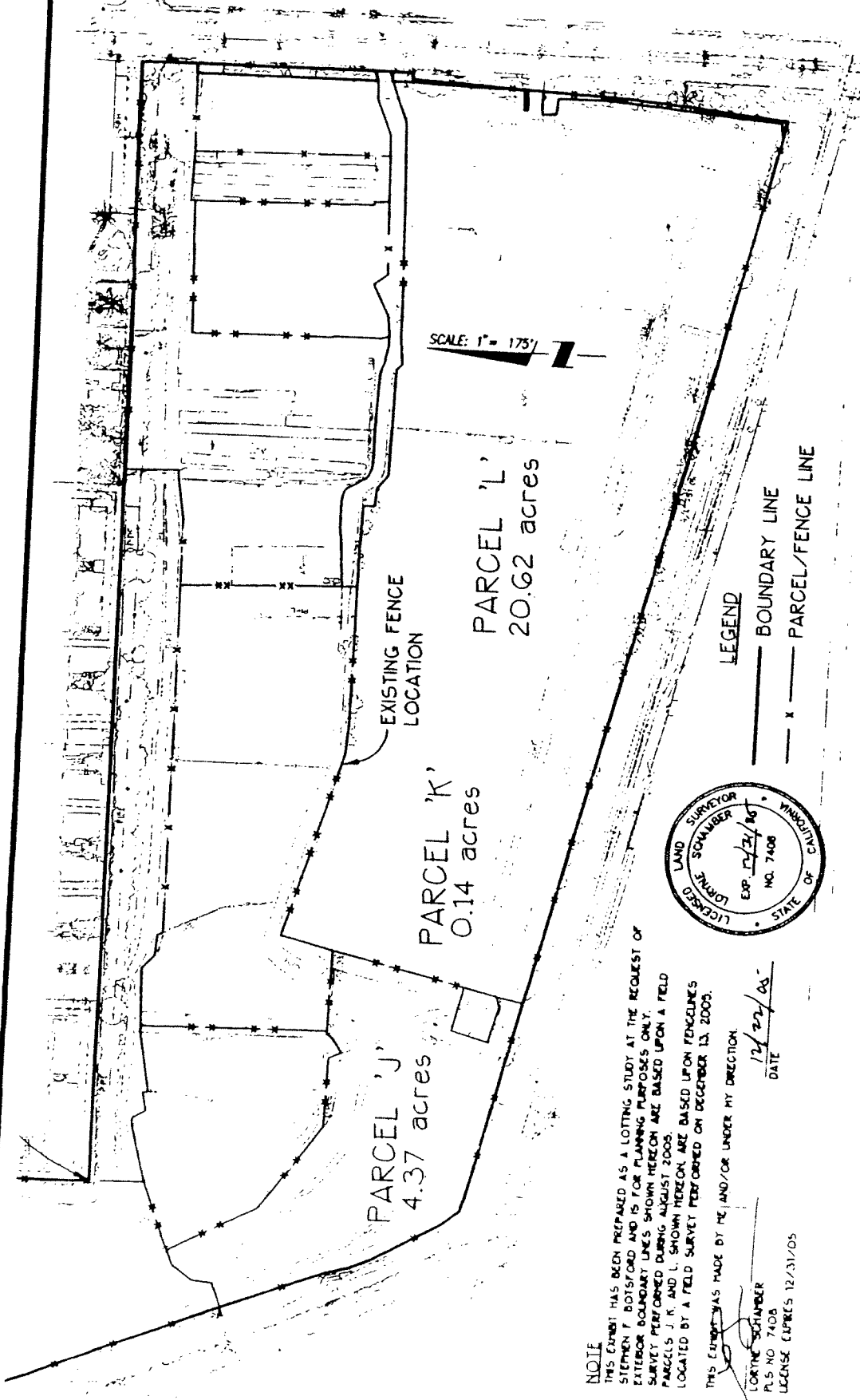
Back, James
Collar, Janet
Goellner, Gary
Hovanessian, Annie
Kwan, Carol
Change Notice Book
Microfiche
File

DATE: 07/13/06

Tatiana Hecksher
Tatiana Hecksher

EXHIBIT "1" TO FIRST AMENDMENT TO LEASE

Drawings: v:\projects\14387.00\summap.dwg syme0017.dwg PLOTTED: 12/22/2005 4:17 PM BY: Michael Poquette



SCALE: 1" = 175'

PARCEL 'L'
20.62 acres

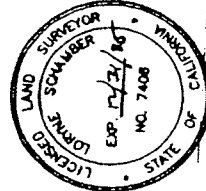
PARCEL 'K'
0.14 acres

PARCEL 'J'
4.37 acres

EXISTING FENCE
LOCATION

LEGEND

- BOUNDARY LINE
- x — PARCEL/FENCE LINE



NOTE
THIS EXHIBIT HAS BEEN PREPARED AS A LOTTING STUDY AT THE REQUEST OF STEPHEN F. BOTSFORD AND IS FOR PLANNING PURPOSES ONLY. EXISTING BOUNDARY LINES SHOWN HEREON ARE BASED UPON A FIELD SURVEY PERFORMED DURING AUGUST 2005. PARCELS J, K, AND L, SHOWN HEREON ARE BASED UPON FENCE LINES LOCATED BY A FIELD SURVEY PERFORMED ON DECEMBER 13, 2005.

THIS EXHIBIT WAS MADE BY ME AND/OR UNDER MY DIRECTION.

12/22/05
DATE

LORINC SCHAMBER
P.L.S. NO. 7408
LICENSE EXPIRES 12/31/06



STATAMIC CONSULTING INC.
19 TECHNOLOGY DRIVE
RYNE, CA 92618
Statamic 949.923.6000

PREPARED BY

STEPHEN F. BOTSFORD

LOTGING STUDY

THE STORAGE CO. AT LAUREL CYN
7001 LAUREL CANYON BLVD. / N HOLLYWOOD, CA 91605

DATE
12/21/2005

SHEET
1 OF 1

20434387.00

LEASE

THIS LEASE (hereinafter called "Lease") is entered into this 22nd day of December, 2001, by and between CALMAT PROPERTIES CO., a California corporation (hereinafter called "Landlord"), and LAUREL CANYON HOLDINGS, LLC, a Nevada limited liability company (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain real property situated in the City of Los Angeles (North Hollywood), County of Los Angeles, State of California, consisting of approximately 58.9 acres, as shown on the map attached hereto and incorporated herein as Exhibit "A" (hereinafter referred to as the "Premises").

B. Tenant desires to lease from Landlord and Landlord desires to rent to Tenant, the Premises, upon the following terms and conditions.

C. In connection with the Lease of the Premises from Landlord to Tenant, Tenant desires to assume from Landlord, and Landlord desires to assign to Tenant, certain rights and obligations under existing lease agreements pertaining to portions of the Premises, which agreement shall be evidenced by and accomplished through the execution by Landlord and Tenant of that certain Assignment and Assumption Agreement of even date.

D. Also in connection with the lease of the Premises from Landlord to Tenant, Tenant desires to purchase from Landlord, and Landlord desires to sell to Tenant, certain fixed assets (e.g., storage containers, office and trailer) located on the Premises, which sale and finance transaction shall be evidenced by and accomplished through the execution of a Bill of Sale, Promissory Note, Security Agreement and Financing Statement of even date.

AGREEMENT

1. LEASE. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the Term (as defined below) and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas,

SPB

hydrocarbonous substances, minerals, mineral rights, water and water rights in and under the land described as the Premises.

2. TERM. The term of this Lease shall be approximately twenty-five (25) years commencing on either (i) April 1, 2002 or (ii) if Tenant gives written notice to Landlord at least five business days in advance, February 1, 2002 or March 1, 2002 (the "Commencement Date"), and expiring, regardless of the date of commencement, on December 31, 2026 (the "Term").

3. RENTAL.

(a) Minimum Rent. Tenant agrees to pay Landlord, without abatement, deduction, offset or prior demand, a minimum rental of One Hundred Seventy-Four Thousand Seven Hundred Eighty-Five Dollars (\$174,785.00) per month, as adjusted in accordance with the provisions of paragraph 4. The Minimum Rent is comprised of the elements shown on the Minimum Rent Schedule attached hereto as Exhibit "B." The Minimum Rent is payable in advance on the first day of each calendar month during the term hereof.

(b) Late Charge. Tenant acknowledges that Tenant's failure to pay any installment of Minimum Rent, or any other amounts due under this Lease as and when due may cause Landlord to incur costs not contemplated by Landlord when entering into this Lease, the exact nature and amount of which would be extremely difficult and impracticable to ascertain. Accordingly, if any installment of Minimum Rent or any other amount due under the Lease is not received by Landlord within fifteen (15) days of the date that such amounts are due and payable, then, without any notice to Tenant, Tenant shall pay to Landlord an amount equal to six percent (6%) of the past due amount, which the parties agree represents a fair and reasonable estimate of the costs incurred by Landlord as a result of the late payment by Tenant.

(c) Default Interest. In the event that Tenant shall fail to pay any amount of Minimum Rent, or any other monetary obligations owed to Landlord hereunder within fifteen (15) days of the date that such amounts are due and payable, Tenant shall pay to Landlord, in addition to such amounts, interest thereon at two percent (2%) above the "prime rate" of interest announced to the public from time to time by Citibank, F.S.B., or the maximum interest rate permitted by law, whichever is less, from the first day of the month in which such monetary obligation was payable to the date of actual payment thereof by Tenant to Landlord.

4. RENTAL ADJUSTMENT. During the Term the Minimum Rent provided for in Section 3 herein shall be adjusted on January 1, 2004 and every two (2) years thereafter (each an "Adjustment Date") based on the change, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Area (Base Year 1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"). On each Adjustment Date hereafter, the Minimum Rent shall be adjusted as follows: The Minimum Rent shall be multiplied by a fraction, the numerator of which shall be the CPI published for the month that is three (3) months prior to the applicable Adjustment Date ("Adjustment CPI") and the denominator of which shall be the CPI of the calendar month that is three (3) months prior to the Commencement Date ("Beginning CPI"). In no event shall the Minimum Rent be reduced below, nor shall any increase exceed fifteen percent (15%) of, the Minimum Rent payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the CPI in some other manner, then Landlord may adopt a substitute index or substitute procedure that reasonably achieves the same result as the foregoing procedure.

5. RENT ABATEMENT.

(a) Lease Space A. Landlord and Tenant acknowledge that Lease Space A identified on Exhibit "A" hereto is subject to an existing lease agreement between Landlord and Insurance Auto Auctions, Inc. (the "IAAI Lease"), and that Landlord's rights and obligations under the IAAI Lease are being assigned to and assumed by Tenant as noted in Recital C, above, and as provided by that certain Assignment and Assumption Agreement between Landlord and Tenant. Until the expiration of the term of the IAAI Lease (on May 31, 2004 or, if said term is extended under the provisions of the IAAI Lease, on May 31, 2009), or until such earlier date on which the IAAI Lease may be otherwise terminated, rent for Lease Space A shall be partially abated. The amount of such partial abatement of rent shall be the difference between (i) the amount of rent allocable to Lease Space A as indicated on Exhibit "B" hereto, as may be adjusted in accordance with Section 4 hereof, and (ii) the amount of rent for Lease Space A as provided in the IAAI Lease, as may be adjusted in accordance with Section 4 of the IAAI Lease. In no event shall the amount of the partial abatement of rent under this subsection increase beyond any increase that may result from the application of the "Rental Adjustment" provisions in Section 4 hereof and in Section 4 of the IAAI Lease. Notwithstanding the

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foregoing, the rent abatement period under this subsection shall cease and there shall be no further abatement of rent with respect to Lease Space A if, without the prior written consent of Landlord herein, (i) the tenant's interests under the IAAI Lease are assigned, (ii) all or any portion of the premises described in the IAAI Lease are subleased, or (iii) the terms of the IAAI Lease are amended.

(b) Lease Space C. Landlord and Tenant acknowledge that Lease Space C identified on Exhibit "A" hereto is currently subject to certain environmental setbacks and zoning restrictions, which effectively prevent the use of Lease Space C as a storage facility, which usage is contemplated by this Lease. Tenant agrees to use its best efforts and work diligently to submit to appropriate governmental authorities a request to modify the zoning requirements regarding Lease Space C so as to permit the use of Lease Space C as a storage facility. Until such time as Lease Space C is successfully rezoned so as to permit its use as a storage facility, or until such time as Tenant commences to use Lease Space C for any legal use (provided, however, that any proposed use of Lease Space C that is at variance with the provisions of Section 11 hereof shall be approved, in advance, in writing, by Landlord), rent for Lease Space C shall be abated. Landlord agrees to cooperate, as may be necessary, in processing Tenant's request for any zoning change or variance with respect to Lease Space C; however, Landlord reserves the right to accept or reject any and all terms, conditions or requirements imposed in connection with any such zoning modification.

(c) Nothing in Subsections 5(a) or (b), above, releases Tenant from any of its obligations under Sections 10, 11, 12, 13, 16, 21, 22, or any other provisions of this Lease.

6. SECURITY DEPOSIT.

(a) As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees that Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of One Hundred Five Thousand, Eight Hundred Fifty-Six Dollars (\$105,856.00), which sum shall be paid by Tenant to Landlord upon execution of this Lease.

(b) Upon termination of the abatement period set forth in Section 5(a) hereof, Tenant shall deposit with Landlord

such additional sum as is necessary to increase the security deposit to an amount equal to one month's Minimum Rent, as adjusted in accordance with Section 4 hereof, less the abatement, if any, then applicable with respect to Lease Space C (as provided in Section 5(b) hereof).

(c) Upon termination of the abatement period set forth in Section 5(b) hereof, Tenant shall deposit with Landlord such additional sum as is necessary to increase the security deposit to an amount equal to one month's Minimum Rent, as adjusted in accordance with Section 4 hereof, less the abatement, if any, then applicable with respect to Lease Space A (as provided in Section 5(a) hereof).

(d) If Tenant exercises its option (under Section 7 hereof) to extend the Term of this Lease, then at the commencement of the First Extended Term (as defined in Section 7) Tenant shall deposit with Landlord such additional sum as is necessary to increase the security deposit to an amount equal to one month's Minimum Rent, as adjusted in accordance with Section 4 hereof, less the abatement, if any, then applicable with respect to Lease Space C (as provided in Section 5(b) hereof).

(e) If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit, without interest. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the Term or any extension thereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to an amount equal to one month's Minimum Rent, without abatement, adjusted in accordance with Section 4 hereof as of the date Tenant so restores the security deposit.

7. OPTION TO EXTEND TERM. Tenant is given one (1) option to extend the Term of this Lease on all the provisions contained in this Lease, except for the Term, for a period of nine (9) years ("First Extended Term"). The First Extended Term shall commence upon expiration of the initial Term, by Tenant's

giving written notice of exercise of the option ("First Option Notice") to Landlord not less than six (6) months and not more than twelve (12) months prior to the expiration date of the initial Term; provided, however, that if Tenant is in default on the date of giving the First Option Notice, the First Option Notice shall be totally ineffective, or if Tenant is in default on the date the First Extended Term is to commence, the First Extended Term shall not commence and this Lease shall expire at the end of the initial Term. Tenant shall have no right to extend the Term beyond the First Extended Term.

8. TENANT'S RIGHT OF FIRST REFUSAL TO PURCHASE THE PREMISES.

(a) Landlord shall not, at any time prior to the expiration of the Term of this Lease, or any extension thereof, sell the Premises, or any interest therein, without first giving written notice thereof to Tenant, which notice is hereinafter referred to as "Notice of Sale." The Notice of Sale shall include the exact and complete terms of the proposed sale and, if applicable, shall attach a copy of the bona fide offer and counteroffer duly executed by both Landlord and the prospective purchaser.

(b) For a period of thirty (30) days after Tenant's receipt of the Notice of Sale, Tenant shall have the right to give written notice to Landlord of Tenant's exercise of Tenant's right to purchase the Premises, the interest proposed to be sold, or the property on which the Premises are a part, on the same terms, price and conditions as set forth in the Notice of Sale. If Tenant gives Landlord written notice of Tenant's exercise of the right granted herein, Tenant may also extend the proposed closing date for said purchase for a period of up to thirty (30) days. In the event that Landlord does not receive written notice of Tenant's exercise of the right herein granted within such thirty-day period, there shall be a conclusive presumption that Tenant has elected NOT to exercise its right hereunder, and Landlord may complete the sale to the prospective purchaser, on the same terms set forth in the Notice of Sale.

(c) Further, in the event that Tenant fails to exercise its right of first refusal after Tenant's receipt of the Notice of Sale, Landlord may consummate the proposed sale to the prospective purchaser identified in the Notice of Sale, or any other prospective purchaser, without affording Tenant any further notice, so long as (i) the sale price and/or the down payment are not more than five percent (5%) less than as set forth in the Notice of Sale; and (ii) the sale is consummated within two

hundred ten (210) days of the date of the Notice of Sale. If the proposed sale price or the down payment is more than five percent (5%) less than the terms set forth in the Notice of Sale, or if the proposed sale to the prospective purchaser in the Notice of Sale is cancelled, or any other prospective sale is not consummated within two hundred ten (210) days, then the Tenant's right of first refusal shall be reinstated.

(d) Notwithstanding the foregoing, Landlord shall be free to convey, transfer or assign the Premises or any portion of its interest in the Premises without compliance with subsection (a) in the event that such conveyance, transfer or assignment is either: (i) made to any mortgagee of Landlord's fee estate in the Premises; (ii) made to any successor entity of Landlord pursuant to a sale, merger, reorganization or other acquisition of the assets of Landlord; or (iii) made pursuant to a taking by eminent domain or under threat of a taking by eminent domain.

(e) This right of first refusal cannot be exercised: (i) during the period commencing with the giving of any notice of default and continuing until said default is cured, (ii) during the period of time any rent is unpaid (without regard to whether notice thereof is given to Tenant), (iii) during the time Tenant is in breach of this Lease, or (iv) in the event that Tenant has been given three (3) or more notices of default, whether or not the defaults are cured, during the twelve (12)-month period immediately preceding the exercise of the right of first refusal.

(f) Notwithstanding the foregoing, any sale of the Premises, or any interest therein, as to which the Tenant's right of first refusal has not been exercised shall be subject to this Lease.

(g) Should Tenant fail to exercise the foregoing right of first refusal, or upon the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within five (5) days of Landlord's demand, a quitclaim deed covering any right, title or interest afforded Tenant pursuant to this section.

9. IMPROVEMENTS TO THE PREMISES.

(a) Tenant leases the Premises and the improvements *PROVISION ADDED* in an "as is" condition. Landlord makes no *TO MASTER LEASE* warranties as to the Premises, including *SECTION 9A.* the ability of Tenant to commence, continue *SECTION 9A.* tion and operation of storage or any

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other facilities at the Premises. Landlord shall not be responsible or liable in any manner whatsoever if Tenant is unable to commence, continue or complete construction and operation of storage or any other facilities. Tenant's entry into possession of the Premises shall be deemed its acceptance of the condition of the Premises.

(b) Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its operations; provided, however, that no improvements shall be made without Landlord's prior written approval, which approval may be given, denied or conditioned in Landlord's reasonable discretion; provided, further, that (i) construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of nonresponsibility, and (ii) said improvements and construction thereof comply fully with all laws, ordinances, and governmental regulations applicable thereto.

(c) The following reasons for Landlord's denial or conditioning of approval for improvements proposed by Tenant shall be conclusively deemed reasonable: (i) the proposed improvements are incompatible with the permitted uses of the Premises under this Lease; (ii) approval of the proposed improvements would conflict with rights previously granted to others; (iii) Tenant has not obtained a necessary government approval for the proposed improvements; (iv) information Landlord requires to review the request for proposed improvements is incomplete or inadequate; (v) the proposed improvements would interfere with or require modifications to the Methane Gas Recovery System (defined in Section 15 hereof); or (vi) installation of the proposed improvements would violate an Environmental Law (defined in Section 21(c) hereof) or would increase the risk of the release of Hazardous Materials (defined in Section 21(c) hereof) into the environment.

(d) Subject to Tenant's obligations regarding grading and drainage as provided in Section 12 herein, Tenant shall not make and is hereby specifically prohibited from (i) making any improvements to or in connection with any waterway, creek or other source of water in, on or about the Premises or in any way using, diverting, damming or impounding any such source of water; (ii) making any improvements that penetrate the surface of the Premises; and (iii) making any improvements that alter,

modify or impair the operation of the Methane Gas Recovery System on the Premises.

(e) Prior to making any improvements to the Premises or any portion thereof, Tenant shall provide Landlord with a complete set of working plans and specifications for the proposed improvements to the Premises and a proposed schedule for the construction of said improvements. Landlord shall review within a reasonable time the plans and specifications for the construction of the proposed improvements. Tenant's representation of the adequacy of the plans and specifications shall not constitute a warranty or specification or shall not constitute a basis for Landlord's review of the plans and specifications or for Landlord's review of the proposed improvements. Landlord shall notify Tenant of its intent to consult with an expert and shall provide Tenant with an estimate of the cost to retain the expert. Thereafter, if Tenant notifies Landlord that Tenant wishes to proceed with the proposed improvements, Tenant shall reimburse Landlord, within thirty (30) days after Landlord's invoice(s) to Tenant therefor, for all expenses of retaining such consultants and obtaining their advice regarding the proposed improvements.

1st Amendment to Master lease
Section 9(e)
DELETED & SUBSTITUTED

(f) As Tenant's proposed construction of improvements at the Premises, Tenant shall provide a bond and a labor and material payment bond, prior to the commencement of construction. The bonds shall be issued by an "admitted surety" as defined in the California Code of Civil Procedure and shall be in an amount equal to one hundred percent (100%) of the estimated cost of construction.

Section 9
(F) deleted
& SUBSTITUTED
(See 1st Amendment)

(g) Title to all improvements made at Tenant's expense shall remain in Tenant until the expiration or termination of this Lease. On or before the date of expiration or termination of this Lease, Tenant shall remove all improvements made by Tenant and restore the Premises to substantially the same condition as of the Commencement Date, unless otherwise instructed by Landlord. If any improvements made by Tenant are, pursuant to Landlord's instructions, left on the Premises upon expiration or termination of this Lease, then title to such improvements shall forthwith vest in Landlord.

10. TAXES AND ASSESSMENTS.

(a) Tenant shall pay or cause to be paid before delinquency all real and personal property taxes levied or assessed against the Premises, including without limitation all taxes assessed on account of any property installed by or for Tenant and regardless of how, why, or to whom such taxes are assessed. As long as Tenant is current in making all such tax payments, Tenant may contest the propriety or amount of any such taxes assessed against the Premises and shall be entitled to any rebate or refund awarded as a result of such proceedings; provided, however, that Tenant may dispute such assessments only with the applicable taxing authority.

(b) Notwithstanding the foregoing, as long as the rental abatement period provided for in Subsection 5(a) herein is in force, Landlord shall, upon receipt of the real property tax bill for the entire Premises, determine the portion of such taxes allocable to the land and improvements currently located on Lease Space A. Landlord's reasonable determination thereof, in good faith, shall be conclusive. After making such determination, Landlord shall submit an invoice to Tenant for an amount equal to (i) the total amount of real property taxes assessed for land and improvements on the entire Premises, less (ii) the amount of real property taxes allocated by Landlord to Lease Space A. Tenant's payment of such invoice shall be due within thirty (30) days. Any payment of taxes on the Premises by Landlord to the applicable taxing authority, under this subsection or otherwise, shall not relieve Tenant of any of its obligations under this section.

11. USE OF PREMISES.

(a) Tenant agrees that no portion of the Premises shall be used for any purpose except above-ground storage operations. Tenant agrees, at its own cost and expense, to comply with all permits, laws, rules, regulations, ordinances and statutes of any and all municipal, county, state and federal authorities that are now in effect or that may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use

herein stated or any other use. Tenant acknowledges and agrees that it shall not store any property in, or otherwise interfere with use of, common access areas adjacent to the Premises. Tenant shall not install or use any water wells or other water collection facilities on, in or under the Premises.

(b) Tenant shall not commit waste upon or otherwise misuse the Premises, and shall carry on all its operations hereunder in accordance with all federal, state and local laws and ordinances regarding safety. Tenant acknowledges and agrees that Tenant and Tenant's guests, employees, invitees, agents, representatives or contractors are prohibited from bringing any firearms or explosives onto the Premises.

(c) Tenant shall not use or allow to be created any open flames on the Premises at any time.

12. MAINTENANCE AND REPAIR.

(a) Tenant shall at its own expense maintain and keep the Premises, fences, gates, or other improvements, if any, in good repair and condition throughout the Term and any extensions thereof. Tenant shall pay all costs of operation and maintenance, including landscaping and weed abatement, on the Premises, whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, contractors, licensees, or invitees. Without limiting the foregoing, Tenant shall immediately repair any damage to any landscaping installed by Landlord on the Premises or the property adjacent to the Premises, except damage caused entirely by Landlord, or its agents, officers or employees.

(b) Tenant shall maintain grading on the Premises to prevent any ponding of water and to create a positive flow of water to existing collection ditches and storm drains. Without limiting Tenant's obligation to maintain adequate drainage throughout the Premises, Landlord shall have access to the Premises at any time to inspect, maintain or alter existing water collection areas, sumps and pumps, and to install additional collection areas, sumps or pumps.

(c) Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises, except as provided by Section 15(c).

(d) Tenant waives all provisions of any law, including but not limited to Civil Code §§1941 and 1942, with respect to Landlord's obligations regarding the suitability of the Premises for its intended use and any right of Tenant to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents, after providing Tenant thirty (30) days' notice (or in cases of emergency, such shorter notice as is reasonable under the circumstances), may perform such maintenance or make repairs, and the cost of same shall, in Landlord's sole discretion, be (i) added to and become due as part of the next installment of Minimum Rent and shall be so paid by Tenant to Landlord as additional rent, or (ii) reimbursed to Landlord by Tenant within thirty (30) days of the date of Landlord's invoice to Tenant therefor, except as provided in Section 15(d).

(e) Upon the expiration of this Lease or upon any termination herein provided, unless Landlord directs otherwise, Tenant shall at its sole cost and expense remove from the Premises all improvements, buildings, structures, fences, and all of Tenant's personal property, and clean up and remove from the Premises all rubbish and debris and leave the Premises in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals required above or do such work as shall be required to return the Premises to an orderly, safe and sanitary condition, and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

13. DAMAGE OR DESTRUCTION.

(a) If the Premises or any portion thereof, or any improvements or personal property thereon, shall be destroyed or damaged by any cause whatsoever, the following provisions shall apply:

(i) If the damage and/or repair of such damage does not interfere materially with the use of the Premises by Tenant; or if Tenant caused or is responsible for such damage; or Tenant is responsible for such repair, then this Lease shall remain in effect and there shall be no abatement of rent.

(ii) If the damage and/or repair of such damage interferes materially with, or prevents the use of the Premises by Tenant and Landlord is responsible for repair of such damage, there shall be a proportionate abatement of rent on account of such damage. The abatement of rent shall commence

from the date on which Tenant gives Landlord written notice of such damage, and shall be based upon the impairment to Tenant's use of the Premises arising from the damage when compared with Tenant's use prior to the damage. The abatement shall continue until the Premises are restored. The decision to restore the Premises following any damage described in this subsection 13(a)(ii) shall be at the absolute and sole discretion of Landlord. If such damage occurs within the last three (3) years of the Term hereof (as may be extended) and Landlord elects not to restore the Premises, then Tenant may terminate this Lease.

(b) In no event shall Landlord be required to restore the Premises. Tenant waives the provisions of Civil Code §§1932(2) and 1933(4) and any successor provisions of law with respect to damage or destruction of the Premises or the improvements thereon.

(c) Without limiting the foregoing, in no event shall Landlord be liable for any injury or damage by reason of the flow of water upon the Premises or any part thereof from any ditch, stream or other watercourse or reservoir, or from any other source, whether by natural flow or otherwise.

14. ENTRY. Landlord and its agents shall have the right to enter the Premises and any structures thereon at any time in the case of an emergency, and otherwise at reasonable times, to examine and inspect the Premises, to exercise any of the rights of Landlord under this Lease, to post notices required or permitted by law, or to inspect, repair and/or maintain the Methane Gas Recovery System on the Premises (defined in Section 15 herein). Landlord shall have the right to enter any structures (including but not limited to buildings, trailers, and storage containers) at any time, without notice, for the purpose of detecting methane gas and otherwise performing Landlord's obligations with respect to the maintenance of the Methane Gas Recovery System. Tenant shall permit access by government authorities at any time to the water well and Methane Gas Recovery System. Landlord may show the Premises to prospective brokers, agents, tenants or purchasers and place and maintain "For Rent," "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

15. METHANE GAS RECOVERY SYSTEM.

(a) Tenant acknowledges that the Premises are located on a closed landfill and that present throughout the Premises is a methane gas monitoring and collection system with a

flare station, which collects and burns methane gas and condensate (the "Methane Gas Recovery System").

(b) Landlord and its agents and contractors shall be granted access to the Premises at any time to monitor the landfill and to inspect, maintain and/or repair the Methane Gas Recovery System, and/or to add new collection pipes or monitoring devices, or to upgrade the Methane Gas Recovery System.

(c) Tenant shall notify Landlord immediately of any damage to the Methane Gas Recovery System. Landlord shall be responsible for performing all maintenance, repair, improvement and modification of the Methane Gas Recovery System, and for repair of all property damage to the Premises resulting from such maintenance, repair, improvement or modification. Tenant acknowledges and agrees that there may be circumstances where maintenance, repair, improvement or modification of the Methane Gas Recovery System may render complete restoration of the affected portion of the Premises economically infeasible, and in such event Landlord shall have no obligation to restore or repair the Premises. If Landlord decides under such circumstances not to restore or repair the Premises and such decision materially interferes with Tenant's use of the Premises, Tenant's sole remedy shall be an abatement of rent in proportion to the reduction in utility of the Premises, unless Landlord's decision not to restore or repair the Premises occurs within the last three (3) years of the Term hereof (as may be extended), in which case Tenant may terminate this Lease.

(d) If damage to the Methane Gas Recovery System is caused by Tenant or its agents, contractors, licensees or invitees, then Tenant shall reimburse Landlord for the cost of such repairs within thirty (30) days of the date of Landlord's invoice to Tenant therefor.

16. SAFETY.

(a) Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping, waste, nuisance or similar activities on the Premises.

(b) Tenant agrees at all times during the term of the Lease that it will comply with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., the California Occupational Safety and Health Act of 1973, Labor Code §6300 et seq., and the Federal Mine Safety and Health Act of 1977, 30 U.S.C. §801 et seq., (collectively, the "Acts"),

to the extent that the Acts apply to the Premises and any activities thereon, except for the Methane Gas Recovery System, which is the sole responsibility of Landlord. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises. Tenant shall at all times keep and maintain a clear fire safety road on the Premises, providing access to all fire hydrants thereon, which shall comply fully with all applicable laws, regulations, and orders.

17. CONDEMNATION.

(a) If all of the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all future liabilities accrued under this Lease.

(b) In the event that any portion of the Premises is so taken, and the taking does not materially interfere with Tenant's intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. In the event that a partial taking of the Premises materially interferes with Tenant's intended use hereunder, then the rent shall be reduced in proportion to the reduction in utility of the Premises caused by such condemnation. Tenant waives the provisions of Code of Civil Procedure §1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

(c) In the event of any such taking, neither this Lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to recover from Landlord all prepaid rent, if any, proportionate to the percentage of the taking, and Tenant shall be entitled to receive any amount awarded as compensation for the taking of personal property, fixtures and equipment owned by Tenant, for business goodwill or

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for disruption of Tenant's business. Landlord and Tenant shall each be responsible hereunder for presenting and prosecuting to the appropriate governmental authority their respective claims hereunder for compensation in the event of such a taking.

18. CONSENTS AND WAIVERS. The giving of any consent hereunder by Landlord, or the waiver of any requirement of Landlord's consent, or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission of Landlord, nor acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon Tenant's full and complete performance of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

19. LIENS. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises. If any such lien shall be asserted against the Premises or if any execution or judgment against Tenant shall be levied against the Premises or against any interest therein, then Tenant, within thirty (30) days after such lien, claim or levy, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of such lien, claim or levy. Nothing herein shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim, or levy, provided that Tenant furnishes to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, cost or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

20. DEFENSE, INDEMNIFICATION AND EXCULPATION.

(a) Tenant's Obligation to Defend Landlord. Except as provided in subparagraphs (c) and (d), Tenant shall defend the Landlord and its parents, subsidiaries, affiliates and their respective officers, directors, attorneys, agents and employees (each an "Indemnitee") from and against any and all claims, actions, damages, demands, losses, liabilities, expenses and costs (including, but not limited to, reasonable attorneys' fees) of every nature and character (all collectively "Claims") that arise in whole or in part from, out of, or in connection with Tenant's occupancy or use of the Premises, any operations of Tenant or any subtenant on the Premises, the failure of Tenant or any subtenant to observe and follow safety regulations, or otherwise arising in whole or in part from, out of, or in connection with this Lease, Tenant's obligations hereunder, or the entry onto or use of the Premises by Tenant, its agents, subtenants, employees, invitees, licensees or contractors. Tenant shall also defend Indemnitees from any and all claims arising in whole or in part from, out of, or in connection with an alleged exposure of Tenant or its agents, subtenants, employees, invitees, affiliates, contractors, or their property to fumes, gases, or other Hazardous Materials (as hereinafter defined) currently existing on, in, or about the Premises. The foregoing obligation to defend shall include, but shall not be limited to, Claims asserting negligence, gross negligence and/or willful misconduct on the part of some or all of the Indemnitees; provided, however, that Tenant's obligation to defend Indemnitees against any claim of gross negligence and/or willful misconduct shall be suspended at such time as the plaintiff, petitioner or claimant, as applicable, asserting such claim against Indemnitees establishes, to the satisfaction of counsel retained to defend Indemnitees against such claim, the probable validity of such claim. For purposes of this subsection, a claim has "probable validity" where it is more likely than not that the plaintiff will obtain a judgment against the defendant on that claim. Tenant's obligation to defend Indemnitees against any such claim shall terminate upon final judgment against Indemnitees based on a finding of gross negligence and/or willful misconduct on the part of some or all of the Indemnitees. In the event of a final judgment based on a finding in favor of Indemnitees on a claim of gross negligence and/or willful misconduct against Indemnitees, Indemnitees shall have the right to recover from Tenant their costs of defense, if any, incurred following any suspension of Tenant's obligation to defend Indemnitees pursuant to this subsection. In the event the Indemnitees, or any of them, are made party to any litigation, arbitration or other proceeding arising from a Claim for which Tenant is obligated to defend the

Indemnitees under the terms hereof, Tenant shall defend the Indemnitees with the attorney of Landlord's choice and pay all reasonable costs, expenses and attorneys' fees incurred by the Indemnitees in connection therewith.

(b) Tenant's Obligation to Indemnify Landlord. Except as provided in subparagraphs (c) and (d), Tenant shall indemnify and hold harmless Indemnitees from and against any and all Claims that arise in whole or in part from, out of, or in connection with Tenant's occupancy or use of the Premises, any operations of Tenant or any subtenant on the Premises, the failure of Tenant or any subtenant to observe and follow safety regulations, or otherwise arising in whole or in part from, out of, or in connection with this Lease, Tenant's obligations hereunder, or the entry onto or use of the Premises by Tenant, its agents, subtenants, employees, invitees, licensees or contractors, unless such claims arise from the sole negligence or willful misconduct of an Indemnitee. Payment shall not be a condition precedent to recovery under the foregoing indemnity.

(c) Limitation on Tenant's Obligation to Indemnify Landlord. Unless the claim arises from the negligence or willful misconduct of Tenant, Tenant shall not be obligated to indemnify or hold harmless Landlord from claims that arise from: (i) Landlord's failure to maintain, restore, or repair the Methane Gas Recovery System in accordance with applicable law; or (ii) Landlord's failure to remediate any environmental condition for which Landlord is responsible under this Lease.

(d) Landlord's Obligation to Indemnify Tenant. Landlord shall indemnify and hold harmless Tenant and its parents, subsidiaries, affiliates and their respective officers, directors, attorneys, agents and employees from and against any and all claims, damages, demands, losses and/or judgments that arise from, out of, or in connection with Landlord's failure to: (i) maintain, restore or repair the Methane Gas Recovery System; or (ii) remediate any environmental condition for which Landlord is responsible under this Lease, except to the extent such Claims arise from the negligence or willful misconduct of Tenant, and provided that such claim involves a monetary loss in excess of Fifty Thousand Dollars (\$50,000). Further, Landlord shall indemnify and hold harmless Tenant from any and all claims, damages, demands, losses and judgments arising from Hazardous Materials that exist below the surface of the Premises as of the Commencement Date, provided that Tenant did not disturb or do any act to exacerbate such Hazardous Materials. In the event that Tenant is made a party to any litigation commenced against Landlord arising from the foregoing and Landlord is obligated to

indemnify and hold harmless Tenant, Landlord shall reimburse Tenant for the reasonable attorneys' fees and defense costs actually incurred or paid by Tenant in connection with such action.

(e) Tenant's Exculpation of Landlord. Tenant hereby releases the Indemnitees from any and all liability for any claims for personal injury, wrongful death, or property damage, to the extent such claims are covered by Tenant's insurance, even if such claims involve an assertion of negligence on the part of some or all of the Indemnitees.

(f) Limitation on Liability. In consideration of the benefits accruing hereunder to Tenant and notwithstanding anything contained in this Lease to the contrary, Tenant hereby covenants and agrees for itself and all of its successors and assigns that the liability of Landlord for its obligations under this Lease (including any liability as a result of any actual or alleged failure, breach or default hereunder by Landlord) shall be limited solely to, and Tenant's and its successors' and assigns' sole and exclusive remedy shall be against, Landlord's interests in the Premises and proceeds therefrom, and no other assets of Landlord. Tenant expressly waives any claim for incidental or consequential damages against Landlord.

(g) Survival. The provisions of this section shall survive until such time as actions against the Indemnitees on account of any Claim shall have been barred by applicable statutes of limitation.

(h) Insurance. Nothing in this section shall alter the parties' obligations with respect to insurance, as set forth in Section 22 hereof.

21. HAZARDOUS MATERIALS.

(a) Tenant.

(i) Tenant warrants and represents to
Landlord:

1) Tenant's business operations on the Premises shall not involve the use, storage or generation of "Hazardous Materials," as hereinafter defined;

2) Tenant shall not permit any Hazardous Materials to be brought upon,

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stored, manufactured, or disposed on or transported from the Premises, except in quantities normally associated with Tenant's permissible uses of the Premises and as incidentally related to the operation and maintenance of the Premises and equipment located therein, such as small amounts of ordinary office supplies, pesticides, insecticides or cleaning supplies used in Tenant's maintenance of the Premises, which substances shall be stored and used in accordance with applicable laws and regulations and used in a prudent manner; and

3) Tenant shall at all times be in compliance with all Environmental Laws (as hereinafter defined) applicable to the Premises.

(ii) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, costs and expenses arising out of the presence of any Hazardous Materials on the Premises attributable to Tenant or Tenant's operations.

(iii) Landlord shall have the right to enter the Premises to conduct an environmental assessment at any time during the Term and any extensions thereof. If Hazardous Materials for which Tenant is responsible are detected, Tenant shall pay for the cost of such assessment. Tenant shall be required to take all remedial action necessary to ensure clean up of any Hazardous Materials present on the Premises for which Tenant is responsible and to comply with all Environmental Laws (as hereinafter defined) applicable at the end of the Term, as may be extended hereunder.

(b) Landlord.

(i) Tenant acknowledges that the Premises are located on a closed landfill and that certain Hazardous Materials (as hereinafter defined) may exist beneath the surface of the Premises as a result of the prior use of the Premises as a landfill. Tenant also acknowledges that fumes, gases and other substances may be present in, on or about the Premises as a result of the prior use of the Premises. Finally, Tenant acknowledges that weather and climate shifts may, from time to time, exacerbate or alleviate the effects of such fumes, gases

and substances. Except as set forth in this paragraph and Paragraph 20, Tenant shall not be responsible under applicable Environmental Laws (as hereinafter defined) for Hazardous Materials existing beneath the surface of the Premises as of the Commencement Date, as long as Tenant does nothing to disturb such subsurface Hazardous Materials.

(ii) Landlord reserves the right to reclaim and retake possession of the Premises, or any portion thereof, to such extent and for such time as may be necessary to comply with any environmental remediation measures deemed to be necessary, in Landlord's discretion, pertaining to the Premises. In the event that such remediation measures require Landlord's partial or full reclamation of the Premises, which, in turn, interferes substantially with or prevents Tenant's use of the Premises, Tenant shall be entitled to a proportionate abatement of rent for such time and to such extent as Tenant's use of the Premises is so impaired. Tenant shall be allowed access to the Premises, if required, during any such reclamation period only if approved by Landlord in advance, which approval shall not be unreasonably withheld or delayed.

(c) Definitions.

(i) The term "Hazardous Material(s)" shall mean any chemical, substance, material, condition and/or combination thereof that is or may be hazardous to human health or safety or to the environment, or that are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable Environmental Law.

(ii) The term "Environmental Law(s)" shall mean any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, court decisions, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(d) The provisions of this Section shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend, indemnify, and hold Landlord harmless.

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22. INSURANCE.

(a) Tenant shall keep and maintain in full force and effect during the term of this Lease the following policies of insurance:

(i) Comprehensive general liability insurance with coverages including Premises/Operations, Products/Completed Operations, Blanket Contractual, Owner's and Contractor's Protective, and Personal Injury, and with limits of not less than Five Million Dollars (\$5,000,000.00) combined single limit and annual aggregate for Bodily Injury and Property Damage, which limits shall apply separately to the Premises, and

(ii) Comprehensive automobile liability insurance, covering all owned, licensed and hired autos and trucks and non-owned autos and trucks, and with limits of One Million Dollars (\$1,000,000.00) combined single limit per accident for Bodily Injury and Property Damage, and

(iii) Workers' compensation and employer's liability insurance covering all of Tenant's employees, with limits for workers' compensation as required by law and limits for employer's liability of not less than One Million Dollars (\$1,000,000.00) per occurrence, with a waiver of subrogation as to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees.

(b) Each general liability and automobile liability policy shall (i) be endorsed to provide coverage as additional insureds, to the same extent as the named insured, to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees; (ii) contain a severability of interest provision allowing Landlord and the other additional insureds to recover on a claim covered by the policy notwithstanding that they are additional insureds; and (iii) provide that the insurance afforded to the additional insureds under the policy shall be primary insurance and shall not be contributory in any way with insurance or self insurance maintained by the additional insureds; and (iv) contain a waiver of subrogation as to Landlord and its parents, subsidiaries, affiliates and contractors, and their respective officers, directors, attorneys, agents and employees. The liability insurance policies described above shall be issued by companies approved to do business in California and that have a current A.M. Best Company rating of at least A-/VII. Prior to commencement of this Lease and at all

times during the Term and any extensions thereof, Tenant shall provide Landlord with certificates of insurance, including copies of the required endorsements, evidencing that the foregoing insurance is in effect. Each certificate will provide for at least thirty (30) days prior written notice to Landlord of cancellation, termination or material change. Insurance written on a claims made form shall be endorsed to provided an extended reporting period of not less than five (5) years following termination of this Lease. Insurance requirements shall be subject to reasonable revision by Landlord.

23. DEFAULT.

(a) Each of the following events, if it occurs during the Term or any extension thereof, shall constitute an "Event of Default" under this Lease:

(i) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within five(5) business days after being served with written notice thereof by Landlord;

(ii) Tenant shall make an assignment for the benefit of creditors;

(iii) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute which is not dismissed within ninety (90) days of filing;

(iv) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within sixty (60) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(v) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within ninety (90) days from filing or appointment thereof; or

(vi) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall

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continue for thirty (30) days after written notice thereof given by Landlord to Tenant; provided, however, that if Tenant, within said thirty (30)-day period, commences to cure a default that takes more than thirty (30) days to cure completely, then Tenant shall have a reasonable time to complete such cure.

(b) If an Event of Default shall occur, then Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises and remove all persons therefrom, and all right, title and interest of the Tenant in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent that had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

(c) The "worth at the time of award" of the amounts referred to in subparagraphs (b)(i) and (ii) of this Section is computed by allowing interest at the maximum rate an

individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (b)(iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(d) Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover the Rent as it becomes due under the Lease and the right to demand and collect any and all rent due under any subleases. Landlord shall not be deemed to have terminated this Lease by its acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that Landlord has elected to terminate the Lease; and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

24. HOLDING OVER. Should Tenant continue to use the Premises after the Term hereof, with the consent of Landlord thereto, either express or implied, such continued use shall be considered a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted to Tenant under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy, and the monthly rent shall be charged to Tenant at the rate of 150% of the Minimum Rent as of the expiration of the Term of the Lease during the holdover period.

25. NOTICES. All notices, demands, and requests under this Lease by either party shall be sent by United States first class mail, certified or express, postage prepaid, or personally delivered (including delivery by a national express courier such as Federal Express, U.P.S., etc.) addressed to the parties as follows:

To Landlord: CalMat Properties Co.
c/o Vulcan Materials Company
Western Division
P.O. Box 39756
Los Angeles, CA 90039
Attn: Sheri Ortega, Property Manager
Telephone: (323) 474-3607
Facsimile: (323) 254-1191

To Tenant: Laurel Canyon Holdings, LLC
20 Clarington Way
Barrington, IL 60010-6932
Telephone: (874) 381-2701
Facsimile: (874) 381-3207
e-mail: bots@turnberry.net
Attn: Stephen F. Botsford,
Managing Member

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

26. ASSIGNMENT AND SUBLETTING.

(a) Except for personal and recreational vehicle storage spaces, Tenant shall not voluntarily, involuntarily, or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Landlord hereby consents to the sublease of portions of the Premises for personal and recreational vehicle storage. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this section.

(b) As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

(i) The name and legal composition of the proposed transferee;

(ii) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;

(iii) Such information as to the proposed transferee's financial responsibility, business experience and standing as Landlord may reasonably require;

(iv) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer;

(v) All of the terms and conditions upon which the proposed transfer is to be made; and

(vi) Check made payable to Landlord in the following amount, as applicable, for Landlord's administrative and review costs: \$1,000 for each proposed transfer submitted before January 1, 2007; \$1,500 for each proposed transfer submitted between January 1, 2007 and January 1, 2012; \$2,000 for each proposed transfer submitted between January 1, 2012 and January 1, 2017; and \$2,500 for each proposed transfer submitted after January 1, 2017.

(c) No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease becomes effective for any purpose, transferees (except for persons renting personal or recreational vehicle storage space) must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

(d) In the event of default by any transferee of Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Tenant waives notice of any default of any transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto, and

such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent be deemed a waiver of any then existing default.

(e) Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an Event of Default by Tenant, Tenant shall have the right to collect such rent. Landlord shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of rent, be deemed liable to the transferee for any failure of Tenant to perform and comply with any of Tenant's obligations to such transferee. Tenant hereby irrevocably authorizes and directs any such transferee, upon receipt of a written notice from Landlord stating that an Event of Default exists in the performance of Tenant's obligations under this Lease, to pay Landlord all rent due and to become due under the sublease. Transferee shall rely upon any such notice from Landlord and shall pay all rents to Landlord without any obligation or right to inquire as to whether such Default exists, notwithstanding any claim from Tenant to the contrary.

(f) If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one such person or entity comprising Tenant to another shall be deemed a voluntary transfer.

(g) If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than 50% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing more than

50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

27. UTILITIES AND SERVICES. Landlord makes no representation or warranty regarding the availability of utilities to the Premises. All existing utilities currently provided to the Premises to support the Methane Gas Recovery System shall remain in place, and Landlord shall have the right to modify the level or quality of services provided for this purpose, as may be required for the maintenance, upgrade or repair of the Methane Gas Recovery System. On or before the Commencement Date, Tenant shall, at its sole cost, make all arrangements for providing water, utilities and services required for or in connection with Tenant's operations on the Premises. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas, diesel, telephone, and all similar charges which may accrue with respect to Tenant's operations on the Premises during the Term of this Lease, as may be extended. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall, in Landlord's sole discretion, be (a) added to and become due as part of the next installment of Minimum Rent and shall be so paid by Tenant to Landlord as additional rent, or (b) reimbursed to Landlord by Tenant within thirty (30) days of the date of Landlord's invoice to Tenant therefor.

28. INSOLVENCY OF TENANT. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

29. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

30. SUBORDINATION, ATTORNMENT, NON-DISTURBANCE.

(a) Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

(b) Subject to the non-disturbance provisions of subsection (c), below, Tenant agrees to attorn to a lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a mortgage or deed of trust or other security device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of Landlord or its successors, or with respect to events occurring prior to acquisition of ownership; (ii) be subject to any offsets or defenses that Tenant might have against Landlord or its successors; or (iii) be bound by prepayment of more than one (1) month's rent.

(c) With respect to any mortgage, deed of trust, or other security device entered into by Landlord after execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement from the lender, which non-disturbance agreement shall provide that Tenant's possession of the Premises, and this Lease, including any options to extend the Term hereof, will not be disturbed so long as Tenant is not in default hereof and attorns to the record owner of the Premises.

31. SIGNS.

(a) Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord. Such approval shall not be unreasonably withheld or delayed. If Tenant installs or permits any signs to be installed on the Premises without first having obtained Landlord's written approval thereof, Landlord may, after giving Tenant three (3) days written notice of its disapproval of any such sign, enter upon the Premises and remove the same at Tenant's expense. Any sign shall be purchased, installed, maintained, and at the end of this Lease, removed by Tenant at Tenant's sole expense.

(b) Within thirty (30) days after the execution of this Lease by both parties, Landlord shall remove from the Premises all signs bearing the name "CalMat," "Vulcan Materials," or any derivative thereof.

32. INTERPRETATION. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held

by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only. Unless the context of this Lease clearly requires otherwise, (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine and neuter genders shall each be deemed to include the others; (c) "or" is not exclusive; and (d) "includes" and "including" are not limiting.

33. SUCCESSORS AND ASSIGNS. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

34. COST OF LITIGATION. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses, including attorneys' fees, from the other party.

35. QUIET POSSESSION. Landlord warrants that Tenant on paying the Minimum Rent and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall, during the full Lease term, peaceably and quietly have, hold and enjoy the Premises, subject to the terms, conditions and provisions hereof.

36. QUITCLAIM DEED. Tenant shall execute and deliver to Landlord on the expiration or termination of this Lease, immediately on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

37. RELATIONS OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

38. REAL ESTATE BROKERS; FINDERS. Tenant represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting

from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

39. ENTIRE AGREEMENT. This Lease and the documents mentioned in Recitals C and D hereof constitute the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings or agreements of the parties regarding the subject matter of this Lease. No party has been induced to enter into this Lease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Lease.


40. RECORDING. Landlord and Tenant shall execute, acknowledge and deliver a short form version of this Lease in the form of Exhibit "C" attached hereto, and shall cause the same to be recorded in the county in which the Premises are located, as notice of the existence of this Lease and of the rights, title and interests of Landlord and Tenant hereunder.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

1st Amendment
added
Sections 4/8/92
TO MASTER LEASE
(See 1st Amendment)

CALMAT PROPERTIES CO.

By

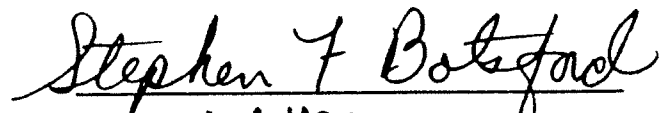

V.P. Business Development

By

TENANT:

LAUREL CANYON HOLDINGS, LLC

By


MANAGER

By

23

23



EXHIBIT "1" TO FIRST AMENDMENT TO LEASE

DRAWING: V:\projects\14367\00\summap\dwg\ym0015.dwg PLOTTED: 12/22/2005 4:20 PM BY: Michael Paquet

OVERALL
BOUNDARY
60.81 acres

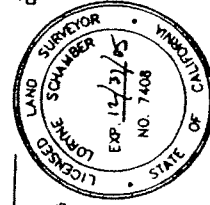
PARCELS	ACRES
A	9.57
B	5.00
C	3.14
D	2.55
E	5.70
F	5.19
G	1.90
H	1.20
I	0.73
J	4.37
K	0.14
L	20.62
M	0.70
N	0.70
TOTAL	60.81

NOTE

THIS EXHIBIT HAS BEEN PREPARED AS A LOTTING STUDY AT THE REQUEST OF STEPHEN F. BOTSFORD AND IS FOR PLANNING PURPOSES ONLY. EXISTING BOUNDARY LINES SHOWN HEREON ARE BASED UPON A FIELD SURVEY PERFORMED DURING AUGUST 2005. INTERIOR PARCEL LINES ARE BASED UPON FENCE LINES TAKEN FROM AERIAL PHOTOGRAPHY FLOWN NOVEMBER 13, 2002. EXCEPTING PARCELS L, K, AND L WHICH WERE LOCATED DURING A FIELD SURVEY PERFORMED ON DECEMBER 13, 2005.

THIS EXHIBIT WAS MADE BY ME AND/OR UNDER MY DIRECTION.

LORNE SCHAMBER
P.L.S. NO. 7408
LICENSE EXPIRES 12/31/05



LOTING STUDY

THE STORAGE CO. AT LAUREL CYN
7381 LAUREL CANYON BLVD. / N. HOLLYWOOD, CA 91605

DATE: 12/21/2005
SHEET 1 OF 1

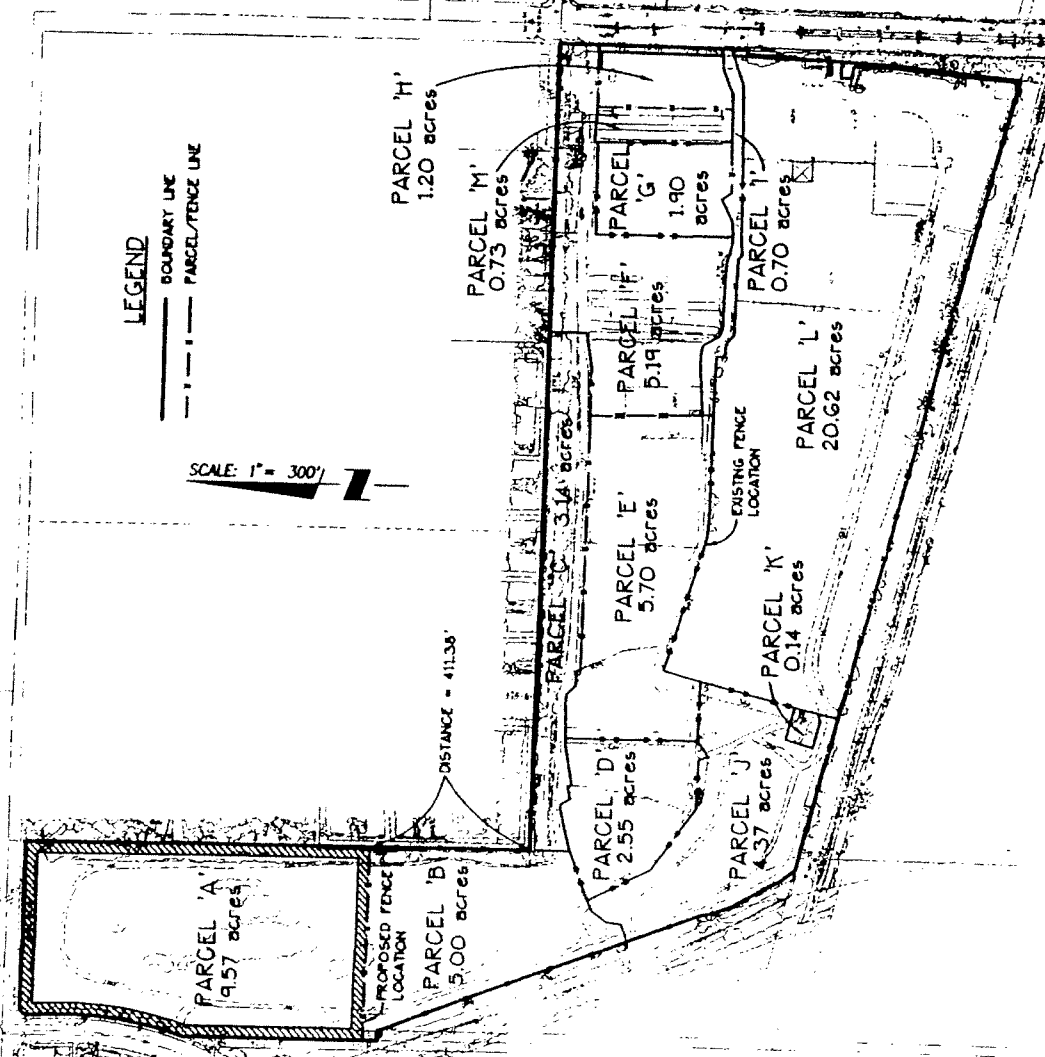
PREPARED FOR

STEPHEN F. BOTSFORD

PREPARED BY:



STANTEC CONSULTING INC.
19 TECHNOLOGY DRIVE
RYNIE, CA 92616
949 973 6000



Handwritten signature/initials

CONSENT, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS CONSENT, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (the "Agreement") is made as of this 15th day of June, 2006, by and among CalMat Co., a Delaware Corporation, as successor by merger to CalMat Properties Co. ("Landlord"), Laurel Canyon Holdings, LLC, a Nevada Limited Liability Company ("LCH"), and Insurance Auto Auctions, Inc., an Illinois corporation ("Subtenant").

RECITALS

- A. LCH is the tenant under a written Lease dated December 22, 2001 by and between Landlord and LCH, as amended by the First Amendment (the Lease, as amended, shall be hereinafter referred to as the "Master Lease").
- B. Pursuant to the Master Lease, Landlord leased to LCH certain real property consisting of approximately 60.81 acres of land and improvements situated in the City of Los Angeles, County of Los Angeles, State of California, together with all improvements situated thereon (the "Property"). The Property is depicted on the Lotting Study that is attached hereto as Exhibit "A."
- C. Subtenant currently leases approximately 19.13 acres at the Property from LCH, as the assignee of Landlord, pursuant to a written lease dated June 1, 1994 ("1994 Lease"). Subtenant also leases approximately 4.19 acres at the Property pursuant to a written sublease with LCH dated January 1, 2003 (the "Sublease"). The 19.13 acres is identified as Parcel L in Exhibit "A" hereto (Lease Space A in Exhibit "A" to the Master Lease) and the 4.19 acres is identified as Parcel J on Exhibit "A" hereto (a portion of Lease Space B in Exhibit "A" to the Master Lease).
- D. On or about July 21, 2004, LCH and Subtenant amended the Sublease by an Amendment No. 1 to Sublease ("Amendment No. 1").
- E. LCH is about to make, execute and deliver to Subtenant a Second Amendment to the Sublease ("Amendment No. 2"), which amendment shall be in the form which is attached hereto as Exhibit "B" and incorporated herein by this reference.
- F. Landlord, LCH and Subtenant desire to confirm their agreements with respect to the Sublease and Amendment No. 2 (the Sublease, Amendment No. 1 and Amendment No. 2 shall be hereinafter collectively referred to as the "Sublease").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Landlord, LCH and Subtenant hereby agree and covenant as follows:

SFF MJ
(initials)

1. Consent. Landlord hereby consents to Amendment No. 2 in the form attached hereto as Exhibit "B" and without a waiver of the restrictions regarding further assignments, subleases, mortgages or encumbrances or other transfers contained in the Master Lease, and without a waiver of any other term of the Master Lease, and, contrary provisions of the Sublease, if any, notwithstanding, on the condition that (a) said Sublease shall be subject to all of the terms, conditions and covenants of the Master Lease, and (b) LCH shall not in any way be discharged from any of its obligations, liabilities or duties under the Master Lease, and (c) LCH shall be responsible for the compliance of Subtenant with all provisions in the Master Lease and Sublease. Landlord also acknowledges and agrees that the Advance Rent (as defined in Amendment No. 2) shall be applied to and reduce the Rent due pursuant to the Sublease in accordance with the terms set forth in Amendment No. 2.
2. Non-Disturbance. So long as the Sublease is in full force and effect and Subtenant is not in default under the Sublease (beyond any period given Subtenant to cure such default) or under this Agreement:
 - (a) Subtenant's possession of the Sublease Premises (as defined in the Sublease) and Subtenant's rights and privileges under the Sublease shall not be diminished or interfered with by Landlord; and
 - (b) Subtenant's occupancy of the Sublease Premises shall not be disturbed by Landlord for any reason whatsoever during the term of the Sublease or any extensions or renewals thereof.
3. Attornment. In consideration of the foregoing and other valuable consideration, Subtenant agrees:
 - (a) After notice from Landlord that a default has occurred under the Master Lease and that the rentals and all other payments to be made by Subtenant under the Sublease should be paid to Landlord, Subtenant will pay to Landlord, or in accordance with the directions of Landlord, all rentals and other monies due and to become due to LCH under the Sublease or otherwise with respect to the Sublease Premises. All such payments will be made regardless of any right of set-off, counterclaim or other defense which Subtenant may have against LCH, whether as tenant under the Sublease or otherwise.
 - (b) If Landlord (or its nominee, designee or successor) shall succeed to the rights of LCH under the Sublease through possession or unlawful detainer action, surrender or otherwise, then at the request of Landlord (or its nominee, designee or successor), Subtenant shall attorn to and recognize Landlord (or its nominee, designee or successor) as Subtenant's landlord under the Sublease and shall promptly execute and deliver any instrument that Landlord may reasonably request to evidence such attornment. Upon such attornment, the Sublease shall continue in full force and effect as, or as if it were, a direct lease between Landlord and Subtenant upon all terms, conditions and covenants as are set forth in the Sublease, except that Landlord shall not:

- i) be liable for any previous act or omission of LCH under the Sublease;
 - ii) be subject to any off-set, defense or counterclaim which shall have previously accrued to Subtenant against LCH;
 - iii) be bound by any modification of the Sublease or by any prepayment of rent or additional rent for more than one month which Subtenant might have paid to LCH, except for the Advance Rent or unless such modification or prepayment shall have been expressly approved in writing by Landlord;
 - iv) be bound by any rights of first refusal or similar rights possessed by Subtenant with respect to the Sublease Premises;
 - v) be liable for the return or payment of any security deposit, including the Option Deposit which Subtenant tendered to LCH under the Sublease, unless such deposit has been physically delivered to Landlord; or
 - vi) be required to perform or pursue any of the following obligations in Amendment No. 2: (x) deliver any additional parcels to Subtenant; (y) pursue the rezoning of any part of the Property; or (z) construct any improvements at the Property.
- (c) Any contrary provision in this Agreement notwithstanding, Subtenant shall nevertheless be entitled to a credit and offset against Rent (as defined in the Sublease) on account of the Advance Rent in accordance with the terms set forth in Amendment No. 2.
- (d) Subtenant agrees to enter into a subordination, non-disturbance and attornment agreement with any lender engaged by Landlord with respect to the Property, provided that any such subordination, non-disturbance and attornment agreement does not materially alter the rights granted Subtenant in this Agreement.
4. Personal Agreement. This Agreement is personal to Subtenant and shall terminate upon any assignment of the Sublease by Subtenant, unless Landlord, in its sole discretion, specifically agrees to extend this Agreement.
5. Lease Modifications. Subtenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed: (a) amend or modify the Sublease or any extensions or renewals thereof; (b) terminate, cancel or tender a surrender of the Sublease; or (c) make a prepayment of any rent or additional rent in excess of one (1) month (except for the Advance Rent). Any such purported action without the consent of Landlord shall be void as against the Landlord.

6. Notice of Default; Opportunity to Cure.

- (a) Any notice required or permitted to be given by Subtenant to LCH pursuant to the Sublease shall be simultaneously given also to Landlord, and any right of Subtenant dependent upon notice shall take effect only after such notice to Landlord is so given. Performance by Landlord shall satisfy any conditions of the Sublease requiring performance by LCH, and Landlord shall have a reasonable time to complete such performance as provided in section (b) below.
- (b) Without limiting the generality of the foregoing, Subtenant shall promptly notify Landlord of any default, act or omission of LCH which would give Subtenant the right, immediately or after the lapse of time, to cancel or terminate the Sublease or to claim a partial or total eviction (a "Sublessor Default"). In the event of a Sublessor Default, Subtenant shall not exercise any rights available to Subtenant:
 - i) until Subtenant has given written notice of such Sublessor Default to Landlord;
 - and ii) unless Landlord has failed, within thirty (30) days after Landlord receives such notice, to cure or remedy the Sublessor Default or, if the same is not reasonably capable of being remedied by Landlord within such thirty (30) day period, until a reasonable period for remedying such Sublessor Default has elapsed following the giving of such notice (which reasonable period shall, in no event be less than the period to which LCH would be entitled under the Sublease or otherwise, after similar notice, to effect such remedy), provided that Landlord institutes and proceeds diligently to remedy and cure. If Landlord cannot reasonably remedy a Sublessor Default until after Landlord obtains possession of the Property, Subtenant may not terminate or cancel the Sublease or claim a partial or total eviction by reason of such Sublessor Default prior to the expiration of a reasonable period of time following Landlord's possession of the Property, through an unlawful detainer action or other proceeding, provided that Landlord institutes and prosecutes such proceedings with due diligence.
- (c) Landlord shall have no obligation hereunder to remedy any Sublessor Default, and in no event shall Landlord be required to perform or complete any of the following obligations in Amendment No. 2: (i) deliver any additional parcels to Subtenant; (ii) pursue the rezoning of any part of the Property; or (iii) construct any improvements at the Property.

7. Application of Casualty Insurance Proceeds and Condemnation Awards. Subtenant hereby agrees that, notwithstanding anything to the contrary contained in the Sublease, the terms and provisions of the Master Lease shall control with respect to the application of casualty insurance proceeds and condemnation awards.

8. Remedies. Upon and after the occurrence of a default under the Sublease on the part of Subtenant, Landlord shall be entitled, but not obligated, to exercise the claims, rights, powers, privileges and remedies of LCH under the Sublease and shall be further entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by Subtenant under the Sublease as though Landlord were named therein as lessor.

9. Limitation of Liability. Except as specifically provided in this Agreement, Landlord shall not, by virtue of this Agreement, the Master Lease or any other instrument to which Landlord may be a party, be or become subject to any liability or obligation of LCH to Subtenant under the Sublease or otherwise. Notwithstanding any other provisions of this Agreement, Subtenant shall have no recourse against the Landlord, any affiliate of Landlord, any successor to Landlord, or any of the assets of any of them, with respect to the failure of any such party to perform its obligations under this Agreement or the Sublease, other than any such party's interest in the Property.
10. Exemption From Liability. Except in the case of gross negligence or willful misconduct by Landlord or its agents, neither Landlord nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or property of Subtenant, Subtenant's employees, contractors, invitees, customers or any other person in or about the Sublease Premises, whether such injury or damage is caused by, or results from the condition of the Sublease Premises or from other sources or places; (ii) any damages arising from any act of neglect of any other tenant or subtenant at the Property or from the failure of Landlord or its agents to enforce the provisions of the Master Lease or any other lease or sublease involving the Property; or (iii) injury to Subtenant's business, or for any loss of income or profit therefrom, or for any consequential, incidental, or punitive damages.
11. Precedence. LCH and Subtenant acknowledge and agree that this Agreement as it relates to or affects Landlord, takes precedence (but only to the extent inconsistent with) over any provisions of the Sublease relating to the Sublease Premises and the interests or leasehold estates created thereby.
12. Notices. As between Landlord and Subtenant, any notice, consent, request or other communication required or permitted to be given hereunder shall be in writing and shall be: (a) personally delivered; (b) delivered by Federal Express or other comparable overnight delivery service; or (c) transmitted by postage prepaid registered or certified mail, return receipt requested. All such notices, consents, requests or other communications shall be addressed to the addresses set forth below:

To Landlord: CalMat Co.
c/o Vulcan Materials Company, Western Division
P.O. Box 39756
Los Angeles, CA 90039
Attention: Property Manager
Telephone: (323) 474-3607
Facsimile: (323) 254-1191

With a copy to: Vulcan Materials Company, Western Division
3200 San Fernando Road
Los Angeles, CA 90065
Attention: Legal Department
Telephone: (323) 474-3366
Facsimile: (323) 258-1583

To Subtenant: Insurance Auto Auctions, Inc.
Two Westbrook Corporate Center, Suite 500
Westchester, IL 60154
Attention: General Counsel
Telephone: (708) 492-7369
Facsimile: (708) 492-7558

With a copy to: Insurance Auto Auctions, Inc.
Two Westbrook Corporate Center, Suite 500
Westchester, IL 60154
Attention: Michael Madden
Telephone: (708) 492-7345
Facsimile: (708) 492-7584

Any notices by and between Landlord and LCH shall be governed by the terms of the Master Lease and any notices by and between LCH and Subtenant shall be governed by the terms of the Sublease. All notices and other communications shall be deemed to have been duly given on the first to occur of actual receipt of the same or: (i) the date of delivery if personally delivered; (ii) one (1) business day after depositing the same with the delivery service if by overnight delivery service; and (iii) three (3) days following posting if transmitted by mail. Any party may change its address for purposes hereof by notice to the other parties given in accordance with the provisions hereof.

13. General Provisions.

- (a) Modifications. This Agreement may only be modified or terminated by a written instrument signed by all parties. It may not be modified or terminated orally.
- (b) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, provided, however,


that nothing in this paragraph shall be construed to afford LCH or Subtenant any right to assign their respective interests in the Master Lease, the Sublease, the Property or the Sublease Premises, except as permitted by and in accordance with the terms of the Master Lease or the Sublease.

- (c) Governing Law. This Agreement shall be governed by, enforced and construed in accordance with the laws of the State of California.
- (d) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.
- (e) Jury Waiver. Subtenant hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Consent, Non-Disturbance and Attornment Agreement to be effective as of the day and year first stated above.

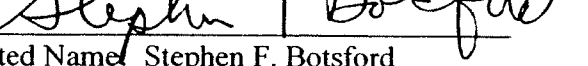
"LANDLORD"

CALMAT CO.

By: 
Printed Name: Michael Linder
Title: V.P.

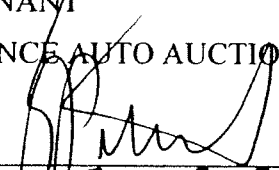
"TENANT/SUBLANDLORD"

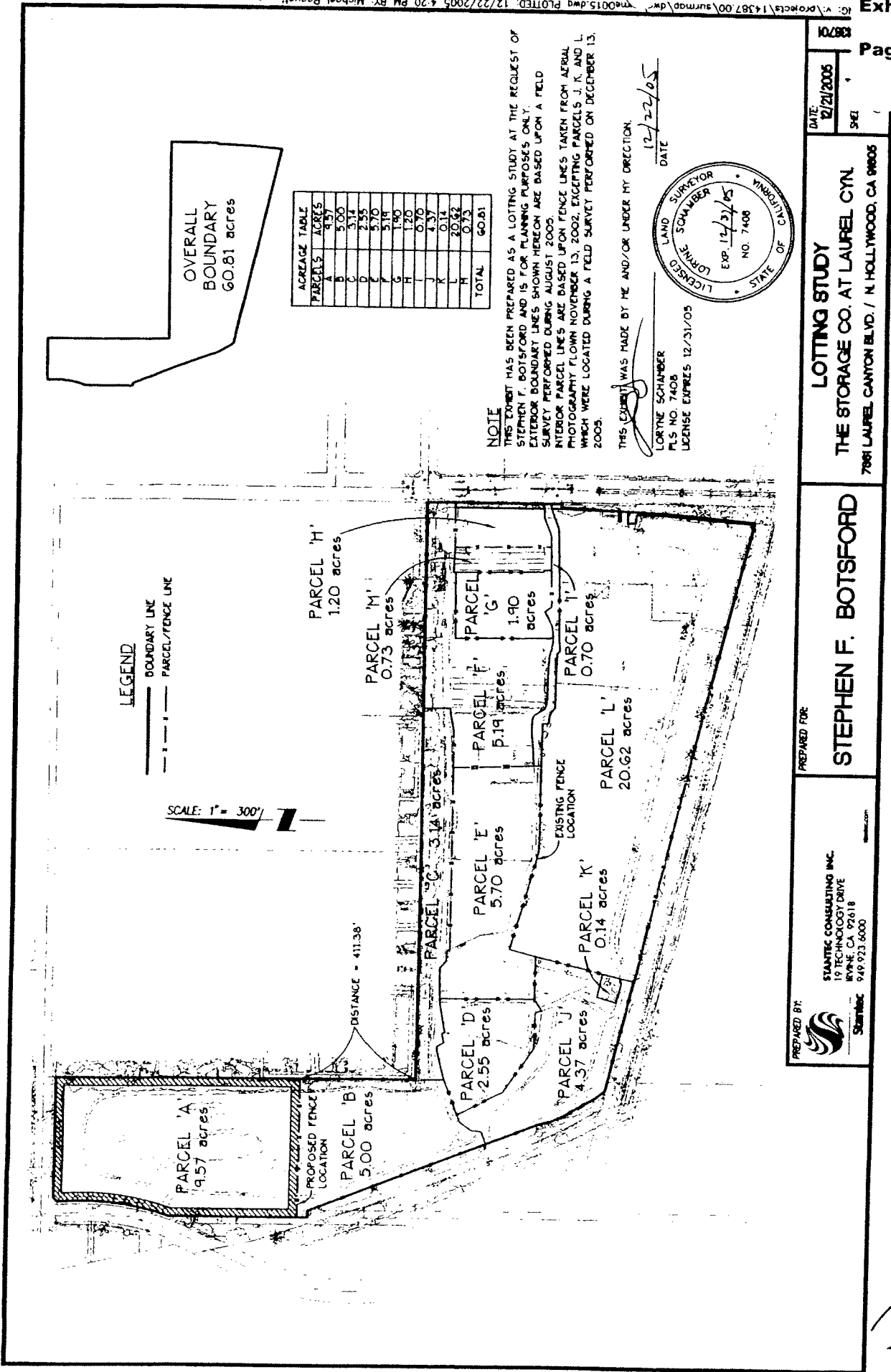
LAUREL CANYON HOLDINGS, LLC

By: 
Printed Name: Stephen F. Botsford
Title: Member

"SUBTENANT"

INSURANCE AUTO AUCTIONS, INC.

By: 
Printed Name: SCOTT P. PETTIT
Title: SVP & CFO



PREPARED BY:

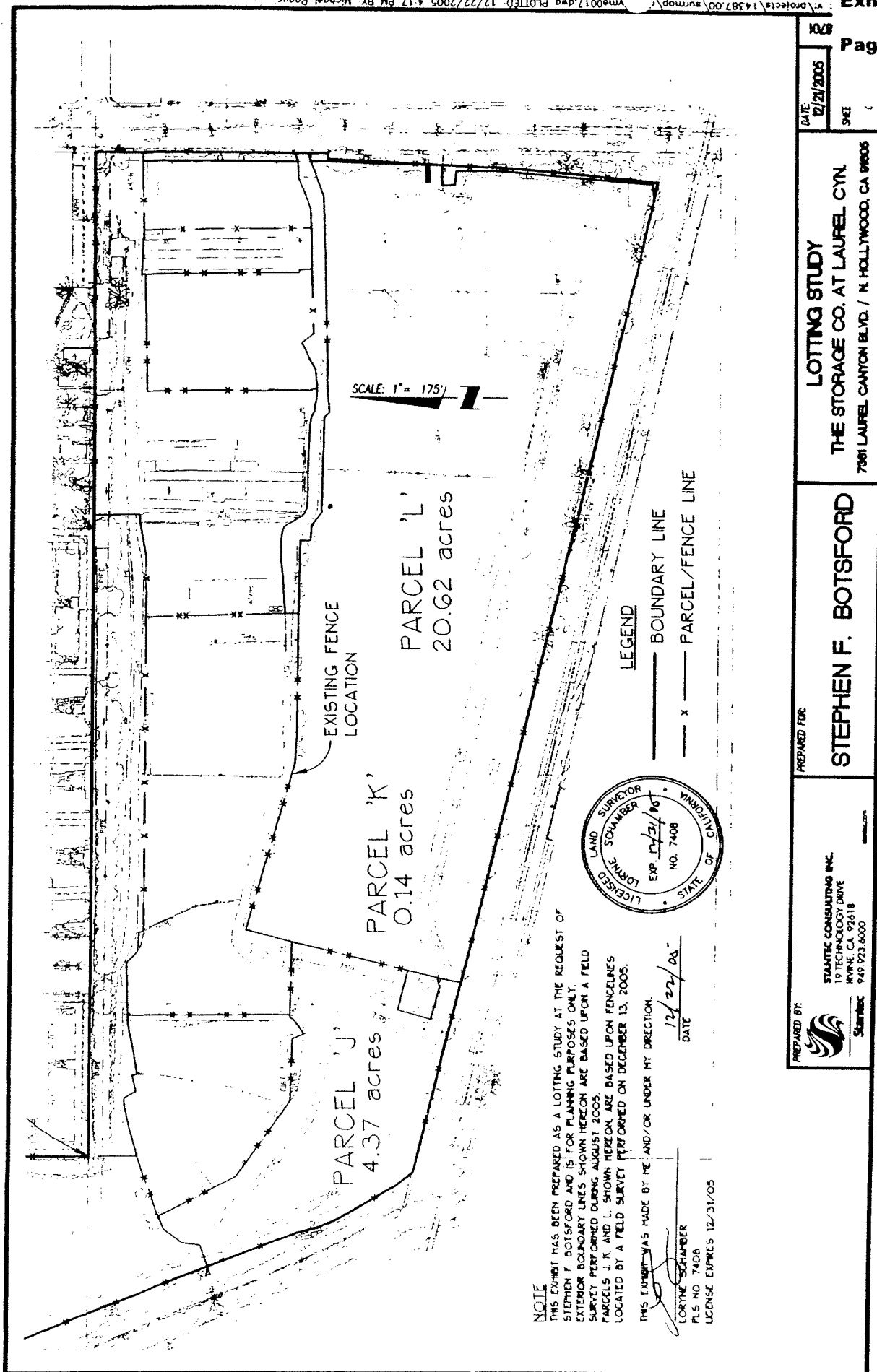
 STANTEC CONSULTING INC.
 19 TECHNOLOGY DRIVE
 RYAN, CA 92618
 949.923.6000

PREPARED FOR:
STEPHEN F. BOTSFORD

LOTING STUDY
 THE STORAGE CO. AT LAUREL CYN.
 7881 LAUREL CANYON BLVD. / N HOLLYWOOD, CA 91605

DATE: 12/21/2005
 SHEET: 1

My
SFB



M2
SPB

AMENDMENT NO. 2 TO SUBLEASE

THIS AMENDMENT NO. 2 is made as of this 15th day of June, 2006, by **LAUREL CANYON HOLDINGS, LLC**, a Nevada limited liability company, with offices at 7361 Laurel Canyon Boulevard, North Hollywood, California (FEIN: 06-1634583) ("Sublandlord"), and **INSURANCE AUTO AUCTIONS, INC.**, an Illinois corporation, whose executive offices are located at Two Westbrook Corporate Center, Suite 500, Westchester, Illinois 60154 (FEIN: 95-3790111) ("IAA" or "Subtenant").

RECITALS

Sublandlord is the Tenant under a written Lease dated December 22, 2001 with CalMat Co., a Delaware corporation, as successor by merger to CalMat Properties Co. ("CalMat"), as amended by the First Amendment dated June 15th, 2006. The Lease, as amended, shall be hereinafter referred to as the "Master Lease".

Pursuant to the Master Lease, CalMat leased to Sublandlord approximately 60.81 acres of land and improvements situated in the City of Los Angeles (North Hollywood), County of Los Angeles, State of California (the "Property"). The Property is depicted on the Lotting Study that is attached hereto as Exhibit "A."

Sublandlord and Subtenant previously entered into a Sublease Agreement dated January 1, 2003, as amended by Amendment No. 1 to Sublease dated July 21, 2004 (collectively the "Sublease"). The Sublease concerns one parcel at the Property, which parcel is identified as "Parcel J" on Exhibit "A" ("Sublease Premises").

Subtenant also entered into a written Lease with CalMat Properties Co., a California corporation on or about June 1, 1994 ("1994 Lease"), concerning one parcel at the Property, which parcel is identified as "Parcel L" on Exhibit "A." CalMat Co., as the successor by merger to CalMat Properties Co., previously assigned all of its interest in the 1994 Lease to Sublandlord by and through a certain Assignment and Assumption Agreement dated December 22, 2001.

Sublandlord and Subtenant desire to amend the Sublease to: (i) extend the Term; (ii) replace the Plot Plan that was attached to the Sublease as Exhibit "A" with the Lotting Study which is attached hereto as Exhibit "A"; (iii) increase the area of the Sublease Premises; (iv) require the Subtenant to make certain advance payments to Sublandlord; (v) afford the Subtenant the right to add Parcel L (i.e., the parcel described in the 1994 Lease) to the Sublease Premises; (vi) adjust the square footage of the Sublease Premises based on a recent survey; and (vii) establish new rental rates under the Sublease if Subtenant exercises its right to add Parcel L to the Sublease Premises.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

Handwritten signature and initials, possibly "M" and "SAB", in the bottom right corner.

1. **RECITALS.** The recitals set forth above are incorporated herein.
2. **EXTENSION OF TERM OF SUBLEASE.** The current Term of the Sublease runs through December 31, 2006, and Subtenant has consecutive options to extend the Term for two (2) one-year periods and one (1) five-month period, which, if exercised, would extend the Term of the Sublease through May 31, 2009. The foregoing provisions are hereby deleted, and, in their place, it is agreed that the Term of the Sublease shall be extended through and including June 30, 2020, with no other rights or options to extend thereafter.
3. **LOTING STUDY.** Sublandlord and Subtenant hereby replace the Plot Plan that was attached to the Sublease as Exhibit "A" with the Lotting Study that is attached hereto as Exhibit "A".
4. **SUBLEASE PREMISES.** The Sublease Premises described in the Sublease shall be increased to include an additional five (5) acre parcel of real estate (the "5-Acre Parcel") as follows:
 - a. **Parcel B.** Sublandlord shall proceed diligently and in good faith to attempt to obtain all necessary governmental approvals to permit the construction, use and operation, as intended by Subtenant, on and for Parcel B, and to complete all construction work to be performed by Sublandlord and to deliver possession of Parcel B to Subtenant on or before ninety (90) days after the date of full execution of this Amendment.
 - b. **Parcels D and E.** In the event that Parcels D and E, as depicted on Exhibit "A," become available, then Sublandlord shall offer in writing to Subtenant that the 5-Acre Parcel shall come from Parcels D and E rather than Parcel B, which written offer shall also indicate the date that Sublandlord believes Sublandlord can deliver Parcels D and E to Subtenant with all approvals and all construction completed. Subtenant shall accept or reject such offer in writing, in Subtenant's sole discretion, within thirty (30) days after receipt of Sublandlord's written offer. If Subtenant accepts the offer, then from that point forward, Sublandlord shall proceed diligently and in good faith to attempt to obtain all necessary governmental approvals to permit the construction, use and operation, as intended by Subtenant, on and for Parcels D and E, and to complete all construction work to be performed by Sublandlord and to deliver possession of the subject five (5) acre portion of Parcels D and E to Subtenant on or before the date indicated in Sublandlord's offer.
 - c. **5-Acre Commencement Date.** The date that the 5-Acre Parcel first becomes available for use by Subtenant (after obtaining all necessary governmental approvals to permit the construction, use and operation as intended by Subtenant, and after completion of all construction work to be performed by Sublandlord and possession of the subject five (5) acres has been delivered to Subtenant) shall be referred to as the "5-Acre Commencement Date." After adding the additional five (5) acres to the Sublease Premises, the Sublease Premises shall consist of a total of 9.37 acres.

MF
SD

5. **CONDITIONS PRECEDENT REGARDING 5-ACRE PARCEL.** The expansion of the Premises to include the 5-Acre Parcel is subject to and conditioned upon each of the following:

a. **Government Approvals.** Obtaining all necessary governmental approvals to permit the construction described below and Subtenant's use and operation of Subtenant's business on the 5-Acre Parcel.

b. **Construction Of Improvements on Parcel B.** Sublandlord, at Sublandlord's sole cost, shall have constructed the following improvements on Parcel B: (i) level and grade the site per the approved grading plan, with a compaction standard of 95% to 98% for the first 12 inches of final grade; (ii) install a rock base of six inches (6"); (iii) install three inches (3") of asphalt grindings on top of the rock base; and (iv) erect an 8-foot-high perimeter fence with a visual barrier along the northern boundary. All improvements shall be constructed in accordance with the requirements of any and all permits, the terms of the Master Lease, any special requirements of CalMat, and all applicable governmental authorities. Notwithstanding the foregoing, Subtenant shall reimburse Sublandlord for the material cost of the six inches (6") of rock (and Sublandlord shall pay for the labor cost of installation of said rock), provided that Sublandlord establishes a reasonable material cost by competitive bidding, with at least three vendors, and provided further that Subtenant approves the results of the competitive bidding in advance.

c. **Construction of Improvements on Parcels D and E.** Sublandlord, at Sublandlord's sole cost, shall have constructed the following improvements on the five (5) acre portion of Parcels D and E: (i) level and grade the site per the mutually approved grading plan, with a compaction standard of 95% to 98% for the first 12 inches of final grade; (ii) install a rock base of six inches (6") if no such sufficient base exists; (iii) install three inches (3") of asphalt grindings on top of the rock base; and (iv) erect an 8-foot-high perimeter fence with a visual barrier where required by the governmental authorities. All improvements shall be constructed in accordance with the requirements of any and all permits, CalMat, and all applicable governmental authorities. Notwithstanding the foregoing, Subtenant shall reimburse Sublandlord for the material cost of the six inches (6") of rock (and Sublandlord shall pay for the labor cost of installation of said rock), provided that Sublandlord establishes a reasonable material cost by competitive bidding, with at least three vendors, and provided further that Subtenant approves the results of the competitive bidding in advance.

6. **ADVANCE PAYMENTS.** In consideration of the promises, covenants and options set forth herein, Subtenant will, upon the execution of this Amendment No. 2 and a mutually acceptable Consent, Non-Disturbance and Attornment Agreement with CalMat (the "Non-Disturbance"), make the following advance payments (the "Advance Payments") to Sublandlord:

a. **Advance Rent.** A payment of \$400,000.00 as an advance rent payment ("Advance Rent") to be applied and credited against Rent due under the Sublease and the 1994 Lease (in the event Subtenant exercises its option to add Parcel L to the Sublease Premises and all as shown on the Rent Schedule which is attached hereto as Exhibit "B") as follows:

(i) \$3,300.00 per month beginning on September 1, 2006 and continuing for the next thirty-five (35) months (which runs through and including August 1, 2009); and (ii) \$12,000.00 per month beginning on September 1, 2009, and continuing for the next forty (40) months thereafter (which runs through and including December 1, 2012).

b. Option/Security Deposit. A payment of \$90,000.00 as an Option/Security Deposit for the Subleased Premises ("Advance Deposit"). Upon the 5-Acre Commencement Date, Subtenant shall pay an additional \$30,000.00 as an Option/Security Deposit and as of the 5-Acre Commencement Date, one hundred percent (100%) of the Advance Deposit shall become a security deposit which shall increase the total amount of Subtenant's security deposit with Sublandlord to \$174,450.

Sublandlord represents and warrants that the Advance Payments are not prohibited by Sublandlord's lender and that Sublandlord has obtained any necessary consents thereto. Sublandlord shall notify any existing and future mortgage lenders of the Advance Payments, shall obtain any necessary consents thereto, and shall deliver a copy of same to Subtenant.

7. EXPANSION OPTION. It is acknowledged that the existing Term on the 1994 Lease runs through May 31, 2009. Sublandlord hereby grants to Subtenant the option to add Parcel L to the Sublease Premises, for the balance of the Term of the Sublease, as amended by this Amendment No. 2, (i.e., through June 30, 2020). Said expansion shall be governed by the terms of this Sublease, as amended, and shall be effective as of June 1, 2009, provided that Subtenant elects to exercise this option, by written notice to Sublandlord, on or before June 30, 2008.

8. SURVEY AND ACREAGE ADJUSTMENT EFFECTIVE JUNE 1, 2009. Subtenant has, at Subtenant's cost, obtained a survey to confirm the actual acreage of the parcels that comprise (or may comprise) the Sublease Premises. Sublandlord and Subtenant agree that the actual surveyed acreage of the three parcels (as set forth on Exhibit "A") are as follows:

Parcel Designation	Original Acreage	Actual Acreage	Square Footage
J	4.19	4.37	190,357.2
D/E or B	5.0	5.0	217,800
L	19.13	20.62	898,207.2
Total	N/A	29.99	1,306,364.4

The new adjusted acreage figures shall be used for purposes of the calculation of Rent after June 1, 2009.

9. RENT AND ADJUSTMENTS TO RENT DUE UNDER SUBLEASE.

The Rent due under the Sublease shall be as shown on the Rent Schedule that is attached hereto as Exhibit "B", which amounts were calculated as follows:

MY
SPB

a. Parcel J. Pursuant to the Sublease, the Rent for Parcel J is based on 13.700¢ per square foot as of January, 2003, plus CPI increases from January, 2003 to January 1, 2006. As of January 1, 2006, Rent was calculated as follows: CPI from October, 2002 is 176.5 and CPI from October, 2005 is 200.0; $200.0/176.5 = 1.13\%$; $1.13\% \times 13.700 = 15.480¢$ per square foot. Based on this calculation, the Rent for Parcel J shall be \$28,254.00 per month for the year 2006.

b. 5-Acre Parcel (Parcels D/E or B). Following the 5-Acre Commencement Date, Rent for the 5-Acre Parcel shall be calculated using the then current rental rate for Parcel J. As set forth above, the current rental rate for Parcel J is 15.480¢ per square foot. The Rent amount for the 5-Acre Parcel shall be \$33,715.00 per month for the year 2006.

c. Parcel L. If Subtenant elects to exercise the expansion option in Paragraph 7 and add Parcel L to the Sublease Premises, then the Rent due under the Sublease shall be computed using 14.00¢ per square foot, which amount shall be adjusted from and after January 1, 2006, by the change in the CPI from October, 2005 to February, 2009 (the CPI index of October, 2005 (200.0) shall be the denominator and the CPI Index of February, 2009 shall be the numerator). In addition, the square footage of the Sublease Premises shall be increased based on the results of the survey mentioned in Paragraph 8. For example, based on the total square footage of the Sublease Premises (29.99 acres or 1,306,364.4 square feet), the Rent would be \$182,891.00 per month as of January 1, 2006. Assuming that the CPI was 208 as of February, 2009, the Rent on a square foot basis would be calculated as follows: $14.00¢ \text{ times } (208/200) = 14.56¢$. The total 1,306,364.4 square feet at 14.56¢ would result in a monthly Rent of \$190,207.00 due from and after June 1, 2009.

The Rent due under the Sublease shall be subject to annual CPI increases in accordance with the terms of the Sublease, which adjustments shall be effective as of January 1 of each year after January 1, 2010, using 14.00¢ per square foot and the percentage change in the CPI from October, 2005 as compared to October of the year prior to the next adjustment date. The Rent set forth herein, as adjusted, is subject to offset beginning September 1, 2006 based on the Advance Rent. (See Paragraph 6(a)). If the Subtenant does not elect to exercise the option in Paragraph 7, the Rent for Parcel J and the 5-Acre Parcel mentioned in Paragraph 4 will be calculated in accordance with the provisions of Paragraph 5 of the Sublease and Paragraphs 9(a) and 9(b) above.

10. SECURITY DEPOSITS. If Subtenant exercises Subtenant's option to add Parcel L to the Sublease Premises, the existing security deposit under the 1994 Lease, to wit, \$27,073.45, shall be added to the existing security deposit held by Sublandlord under the Sublease.

11. MISCELLANEOUS. Except as modified herein, the Sublease shall remain and continue in full force and effect. It is acknowledged that the 1994 Lease has not been modified by this Amendment No. 2 and shall remain and continue in full force and effect.

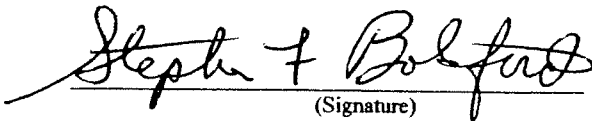
M
SFB

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 to Sublease as of the date written above.

AGREED AND ACCEPTED:

SUBLANDLORD:

LAUREL CANYON HOLDINGS, LLC, a
Nevada limited liability company


(Signature)

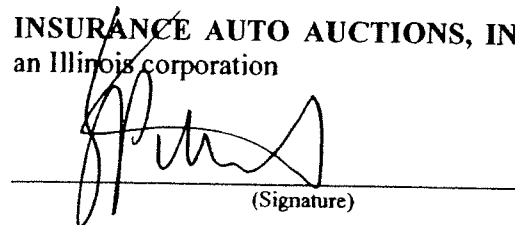
By: Stephen F. Botsford

Title: Member

20 Clarington Way
Barrington, Illinois 60010-6932
847/381-2701

SUBTENANT:

INSURANCE AUTO AUCTIONS, INC.,
an Illinois corporation


(Signature)

By: SCOTT P. PETRI
(Type or Print Name)

Title: SUP & CFO
(Type or Print Title)

Two Westbrook Corporate Center, Suite 500
Westchester, Illinois 60154
708/492-7000

LCH file: From WDL FINAL Amendment No. 2 to sublease_v3 BJW 6-13-06.DOC



STATE OF ILLINOIS

COUNTY OF ~~DUPAGE~~

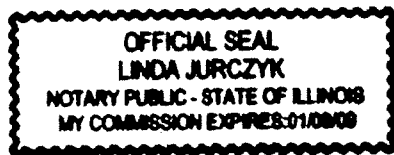
COOK

INITIAL
mn

ACKNOWLEDGEMENT

The foregoing instrument, **AMENDMENT NO. 2 TO SUBLEASE**, was acknowledged before me, the undersigned, a Notary Public in and for said State, by Scott Pettit, SUP & CFO on behalf of Insurance Auto Auctions Inc., an Illinois corporation.

WITNESS my hand and official seal this 27th day of June 2006.



Linda Jurczyk
Notary Public

My commission expires: 1-9-09 -

[SEAL]

mn

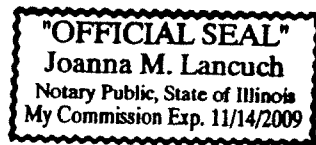
STATE OF ILLINOIS

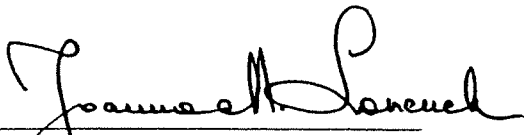
COUNTY OF LAKE

ACKNOWLEDGEMENT

The foregoing instrument, **AMENDMENT NO. 2 TO SUBLEASE**, was acknowledged before me, the undersigned, a Notary Public in and for said State, by Stephen F. Botsford, member, on behalf of Laurel Canyon Holdings, L. L.C., a Nevada limited liability company.

WITNESS my hand and official seal this 22 day of June 2006.

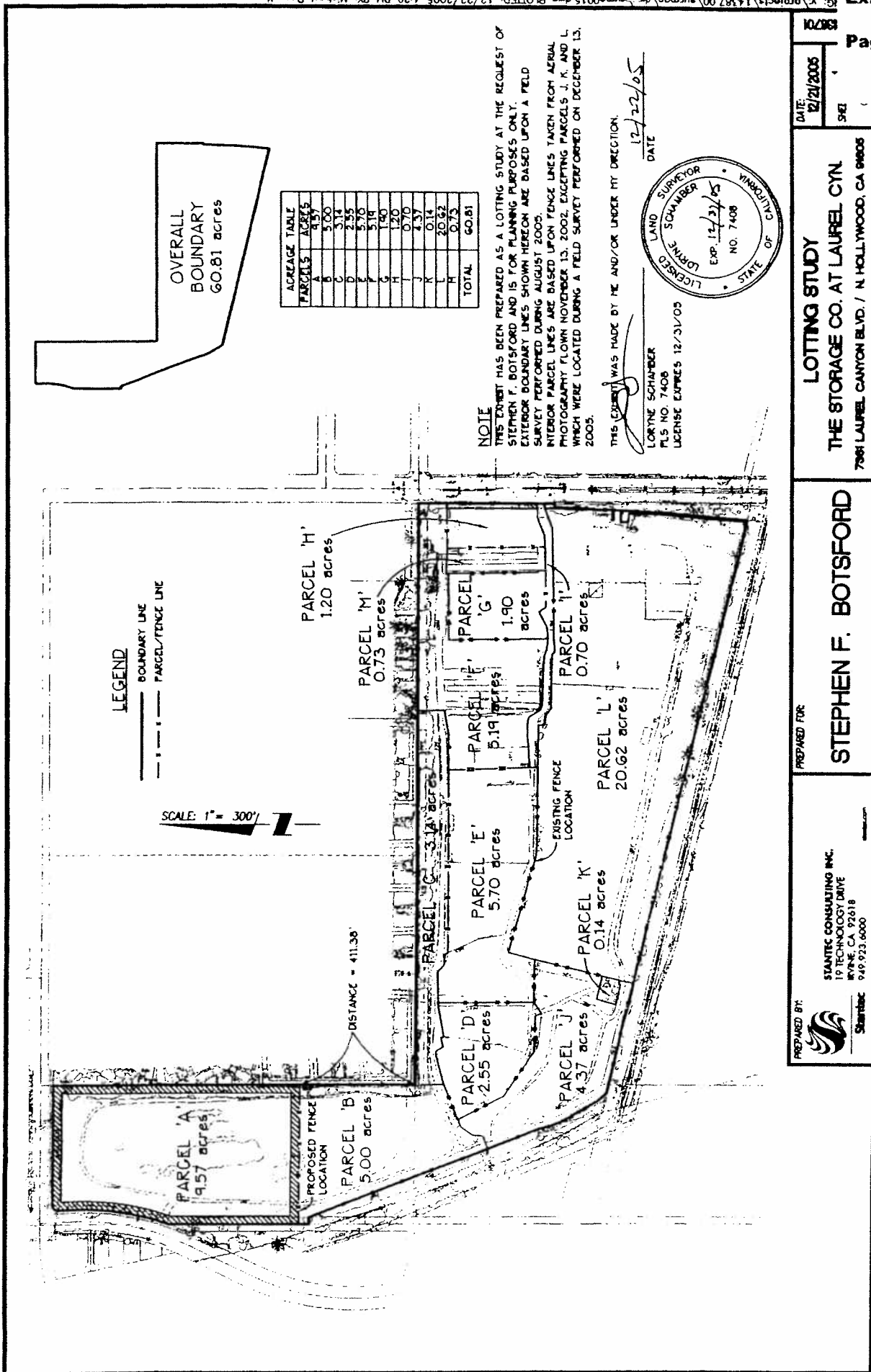




Notary Public
My commission expires: 11/14/09

[SEAL]

ML



LOTING STUDY
THE STORAGE CO. AT LAUREL CYN.
73061 LAUREL CANYON BLVD. / N. HOLLYWOOD, CA 91605

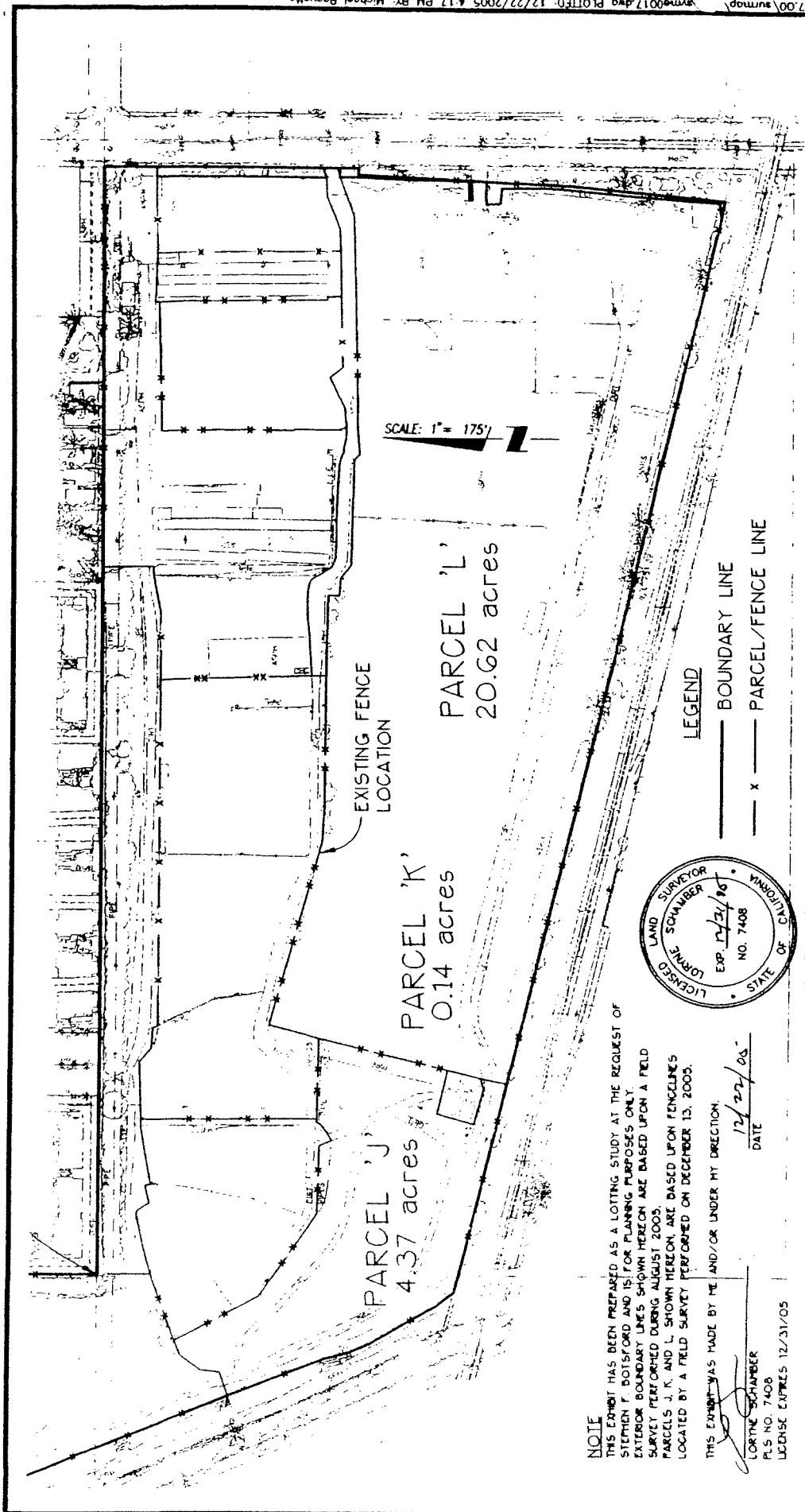
PREPARED FOR
STEPHEN F. BOTSFORD

PREPARED FOR:

STANTEC CONSULTING INC.
19 TECHNOLOGY DRIVE
IRVINE, CA 92618
949.923.6000

PREPARED BY:

My
SFB



NOTE
THIS EXHIBIT HAS BEEN PREPARED AS A LITIGIOUS STUDY AT THE REQUEST OF
STEPHEN F. DOTSFORD AND IS FOR PLANNING PURPOSES ONLY.
EXTERIOR BOUNDARY LINES SHOWN HEREON ARE BASED UPON A FIELD
SURVEY PERFORMED DURING AUGUST 2003.
PARCELS J. K. AND L. SHOWN HEREON, ARE BASED UPON FENCELINES
LOCATED BY A FIELD SURVEY PERFORMED ON DECEMBER 13, 2003.

THIS EXHIBIT WAS MADE BY ME AND/OR UNDER MY DIRECTION.

12/22/05
DATE

LORENE SCHAMBER
P.L.S NO. 7408
LICENSE EXPIRES 12/31/05

Minimum Rent due under Sublease

Premises under Sublease: 4.19 acres (4.37 after 6-1-09)

1/1/2006	to	5/1/2009	28,254
6/1/2009	to	6/30/2020	29,467

Premises under Sublease: 9.19 acres (9.37 after 6-1-09)

Commencement Date	to	5/1/2009	61,969
6/1/2009	to	6/30/2020	63,183

Premises under Sublease: 24.99 acres

6/1/2009	to	6/30/2020	152,399
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Premises under Sublease: 29.99 acres

6/1/2009	to	6/30/2020	182,891
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NOTE: Minimum rent is adjusted by CPI increases every year. Next adjustment dated is 1-1-2007.
Rent stated above is the Minimum Rent in effect as of 1-1-2006.

Rent Abatement

36 payments beginning	9/1/2006	to	8/1/2009	3,300
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40 payments beginning	9/1/2009	to	12/1/2012	12,000
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AMENDMENT NO. 2 TO SUBLEASE

THIS AMENDMENT NO. 2 is made as of this 15th day of June, 2006, by **LAUREL CANYON HOLDINGS, LLC**, a Nevada limited liability company, with offices at 7361 Laurel Canyon Boulevard, North Hollywood, California (FEIN: 06-1634583) ("Sublandlord"), and **INSURANCE AUTO AUCTIONS, INC.**, an Illinois corporation, whose executive offices are located at Two Westbrook Corporate Center, Suite 500, Westchester, Illinois 60154 (FEIN: 95-3790111) ("IAA" or "Subtenant").

RECITALS

Sublandlord is the Tenant under a written Lease dated December 22, 2001 with CalMat Co., a Delaware corporation, as successor by merger to CalMat Properties Co. ("CalMat"), as amended by the First Amendment dated June 15th, 2006. The Lease, as amended, shall be hereinafter referred to as the "Master Lease".

Pursuant to the Master Lease, CalMat leased to Sublandlord approximately 60.81 acres of land and improvements situated in the City of Los Angeles (North Hollywood), County of Los Angeles, State of California (the "Property"). The Property is depicted on the Lotting Study that is attached hereto as Exhibit "A."

Sublandlord and Subtenant previously entered into a Sublease Agreement dated January 1, 2003, as amended by Amendment No. 1 to Sublease dated July 21, 2004 (collectively the "Sublease"). The Sublease concerns one parcel at the Property, which parcel is identified as "Parcel J" on Exhibit "A" ("Sublease Premises").

Subtenant also entered into a written Lease with CalMat Properties Co., a California corporation on or about June 1, 1994 ("1994 Lease"), concerning one parcel at the Property, which parcel is identified as "Parcel L" on Exhibit "A." CalMat Co., as the successor by merger to CalMat Properties Co., previously assigned all of its interest in the 1994 Lease to Sublandlord by and through a certain Assignment and Assumption Agreement dated December 22, 2001.

Sublandlord and Subtenant desire to amend the Sublease to: (i) extend the Term; (ii) replace the Plot Plan that was attached to the Sublease as Exhibit "A" with the Lotting Study which is attached hereto as Exhibit "A"; (iii) increase the area of the Sublease Premises; (iv) require the Subtenant to make certain advance payments to Sublandlord; (v) afford the Subtenant the right to add Parcel L (i.e., the parcel described in the 1994 Lease) to the Sublease Premises; (vi) adjust the square footage of the Sublease Premises based on a recent survey; and (vii) establish new rental rates under the Sublease if Subtenant exercises its right to add Parcel L to the Sublease Premises.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

CPS

1. **RECITALS.** The recitals set forth above are incorporated herein.

2. **EXTENSION OF TERM OF SUBLEASE.** The current Term of the Sublease runs through December 31, 2006, and Subtenant has consecutive options to extend the Term for two (2) one-year periods and one (1) five-month period, which, if exercised, would extend the Term of the Sublease through May 31, 2009. The foregoing provisions are hereby deleted, and, in their place, it is agreed that the Term of the Sublease shall be extended through and including June 30, 2020, with no other rights or options to extend thereafter.

3. **LOTTING STUDY.** Sublandlord and Subtenant hereby replace the Plot Plan that was attached to the Sublease as Exhibit "A" with the Lotting Study that is attached hereto as Exhibit "A".

4. **SUBLEASE PREMISES.** The Sublease Premises described in the Sublease shall be increased to include an additional five (5) acre parcel of real estate (the "5-Acre Parcel") as follows:

a. **Parcel B.** Sublandlord shall proceed diligently and in good faith to attempt to obtain all necessary governmental approvals to permit the construction, use and operation, as intended by Subtenant, on and for Parcel B, and to complete all construction work to be performed by Sublandlord and to deliver possession of Parcel B to Subtenant on or before ninety (90) days after the date of full execution of this Amendment.

b. **Parcels D and E.** In the event that Parcels D and E, as depicted on Exhibit "A," become available, then Sublandlord shall offer in writing to Subtenant that the 5-Acre Parcel shall come from Parcels D and E rather than Parcel B, which written offer shall also indicate the date that Sublandlord believes Sublandlord can deliver Parcels D and E to Subtenant with all approvals and all construction completed. Subtenant shall accept or reject such offer in writing, in Subtenant's sole discretion, within thirty (30) days after receipt of Sublandlord's written offer. If Subtenant accepts the offer, then from that point forward, Sublandlord shall proceed diligently and in good faith to attempt to obtain all necessary governmental approvals to permit the construction, use and operation, as intended by Subtenant, on and for Parcels D and E, and to complete all construction work to be performed by Sublandlord and to deliver possession of the subject five (5) acre portion of Parcels D and E to Subtenant on or before the date indicated in Sublandlord's offer.

c. **5-Acre Commencement Date.** The date that the 5-Acre Parcel first becomes available for use by Subtenant (after obtaining all necessary governmental approvals to permit the construction, use and operation as intended by Subtenant, and after completion of all construction work to be performed by Sublandlord and possession of the subject five (5) acres has been delivered to Subtenant) shall be referred to as the "5-Acre Commencement Date." After adding the additional five (5) acres to the Sublease Premises, the Sublease Premises shall consist of a total of 9.37 acres.

5. CONDITIONS PRECEDENT REGARDING 5-ACRE PARCEL. The expansion of the Premises to include the 5-Acre Parcel is subject to and conditioned upon each of the following:

a. Government Approvals. Obtaining all necessary governmental approvals to permit the construction described below and Subtenant's use and operation of Subtenant's business on the 5-Acre Parcel.

b. Construction Of Improvements on Parcel B. Sublandlord, at Sublandlord's sole cost, shall have constructed the following improvements on Parcel B: (i) level and grade the site per the approved grading plan, with a compaction standard of 95% to 98% for the first 12 inches of final grade; (ii) install a rock base of six inches (6"); (iii) install three inches (3") of asphalt grindings on top of the rock base; and (iv) erect an 8-foot-high perimeter fence with a visual barrier along the northern boundary. All improvements shall be constructed in accordance with the requirements of any and all permits, the terms of the Master Lease, any special requirements of CalMat, and all applicable governmental authorities. Notwithstanding the foregoing, Subtenant shall reimburse Sublandlord for the material cost of the six inches (6") of rock (and Sublandlord shall pay for the labor cost of installation of said rock), provided that Sublandlord establishes a reasonable material cost by competitive bidding, with at least three vendors, and provided further that Subtenant approves the results of the competitive bidding in advance.

c. Construction of Improvements on Parcels D and E. Sublandlord, at Sublandlord's sole cost, shall have constructed the following improvements on the five (5) acre portion of Parcels D and E: (i) level and grade the site per the mutually approved grading plan, with a compaction standard of 95% to 98% for the first 12 inches of final grade; (ii) install a rock base of six inches (6") if no such sufficient base exists; (iii) install three inches (3") of asphalt grindings on top of the rock base; and (iv) erect an 8-foot-high perimeter fence with a visual barrier where required by the governmental authorities. All improvements shall be constructed in accordance with the requirements of any and all permits, CalMat, and all applicable governmental authorities. Notwithstanding the foregoing, Subtenant shall reimburse Sublandlord for the material cost of the six inches (6") of rock (and Sublandlord shall pay for the labor cost of installation of said rock), provided that Sublandlord establishes a reasonable material cost by competitive bidding, with at least three vendors, and provided further that Subtenant approves the results of the competitive bidding in advance.

6. ADVANCE PAYMENTS. In consideration of the promises, covenants and options set forth herein, Subtenant will, upon the execution of this Amendment No. 2 and a mutually acceptable Consent, Non-Disturbance and Attornment Agreement with CalMat (the "Non-Disturbance"), make the following advance payments (the "Advance Payments") to Sublandlord:

a. Advance Rent. A payment of \$400,000.00 as an advance rent payment ("Advance Rent") to be applied and credited against Rent due under the Sublease and the 1994 Lease (in the event Subtenant exercises its option to add Parcel L to the Sublease Premises and all as shown on the Rent Schedule which is attached hereto as Exhibit "B") as follows:

SAB

(i) \$3,300.00 per month beginning on September 1, 2006 and continuing for the next thirty-five (35) months (which runs through and including August 1, 2009); and (ii) \$12,000.00 per month beginning on September 1, 2009, and continuing for the next forty (40) months thereafter (which runs through and including December 1, 2012).

b. Option/Security Deposit. A payment of \$90,000.00 as an Option/Security Deposit for the Subleased Premises ("Advance Deposit"). Upon the 5-Acre Commencement Date, Subtenant shall pay an additional \$30,000.00 as an Option/Security Deposit and as of the 5-Acre Commencement Date, one hundred percent (100%) of the Advance Deposit shall become a security deposit which shall increase the total amount of Subtenant's security deposit with Sublandlord to \$174,450.

Sublandlord represents and warrants that the Advance Payments are not prohibited by Sublandlord's lender and that Sublandlord has obtained any necessary consents thereto. Sublandlord shall notify any existing and future mortgage lenders of the Advance Payments, shall obtain any necessary consents thereto, and shall deliver a copy of same to Subtenant.

7. EXPANSION OPTION. It is acknowledged that the existing Term on the 1994 Lease runs through May 31, 2009. Sublandlord hereby grants to Subtenant the option to add Parcel L to the Sublease Premises, for the balance of the Term of the Sublease, as amended by this Amendment No. 2, (i.e., through June 30, 2020). Said expansion shall be governed by the terms of this Sublease, as amended, and shall be effective as of June 1, 2009, provided that Subtenant elects to exercise this option, by written notice to Sublandlord, on or before June 30, 2008.

8. SURVEY AND ACREAGE ADJUSTMENT EFFECTIVE JUNE 1, 2009. Subtenant has, at Subtenant's cost, obtained a survey to confirm the actual acreage of the parcels that comprise (or may comprise) the Sublease Premises. Sublandlord and Subtenant agree that the actual surveyed acreage of the three parcels (as set forth on Exhibit "A") are as follows:

Parcel Designation	Original Acreage	Actual Acreage	Square Footage
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Total	N/A	29.99	1,306,364.4

The new adjusted acreage figures shall be used for purposes of the calculation of Rent after June 1, 2009.

9. RENT AND ADJUSTMENTS TO RENT DUE UNDER SUBLEASE.

The Rent due under the Sublease shall be as shown on the Rent Schedule that is attached hereto as Exhibit "B", which amounts were calculated as follows:

SFB

a. Parcel J. Pursuant to the Sublease, the Rent for Parcel J is based on 13.700¢ per square foot as of January, 2003, plus CPI increases from January, 2003 to January 1, 2006. As of January 1, 2006, Rent was calculated as follows: CPI from October, 2002 is 176.5 and CPI from October, 2005 is 200.0; $200.0/176.5 = 1.13\%$; $1.13\% \times 13.700 = 15.480\text{¢}$ per square foot. Based on this calculation, the Rent for Parcel J shall be \$28,254.00 per month for the year 2006.

b. 5-Acre Parcel (Parcels D/E or B). Following the 5-Acre Commencement Date, Rent for the 5-Acre Parcel shall be calculated using the then current rental rate for Parcel J. As set forth above, the current rental rate for Parcel J is 15.480¢ per square foot. The Rent amount for the 5-Acre Parcel shall be \$33,715.00 per month for the year 2006.

c. Parcel L. If Subtenant elects to exercise the expansion option in Paragraph 7 and add Parcel L to the Sublease Premises, then the Rent due under the Sublease shall be computed using 14.00¢ per square foot, which amount shall be adjusted from and after January 1, 2006, by the change in the CPI from October, 2005 to February, 2009 (the CPI index of October, 2005 (200.0) shall be the denominator and the CPI Index of February, 2009 shall be the numerator). In addition, the square footage of the Sublease Premises shall be increased based on the results of the survey mentioned in Paragraph 8. For example, based on the total square footage of the Sublease Premises (29.99 acres or 1,306,364.4 square feet), the Rent would be \$182,891.00 per month as of January 1, 2006. Assuming that the CPI was 208 as of February, 2009, the Rent on a square foot basis would be calculated as follows: $14.00\text{¢} \times (208/200) = 14.56\text{¢}$. The total 1,306,364.4 square feet at 14.56¢ would result in a monthly Rent of \$190,207.00 due from and after June 1, 2009.

The Rent due under the Sublease shall be subject to annual CPI increases in accordance with the terms of the Sublease, which adjustments shall be effective as of January 1 of each year after January 1, 2010, using 14.00¢ per square foot and the percentage change in the CPI from October, 2005 as compared to October of the year prior to the next adjustment date. The Rent set forth herein, as adjusted, is subject to offset beginning September 1, 2006 based on the Advance Rent. (See Paragraph 6(a)). If the Subtenant does not elect to exercise the option in Paragraph 7, the Rent for Parcel J and the 5-Acre Parcel mentioned in Paragraph 4 will be calculated in accordance with the provisions of Paragraph 5 of the Sublease and Paragraphs 9(a) and 9(b) above.

10. SECURITY DEPOSITS. If Subtenant exercises Subtenant's option to add Parcel L to the Sublease Premises, the existing security deposit under the 1994 Lease, to wit, \$27,073.45, shall be added to the existing security deposit held by Sublandlord under the Sublease.

11. MISCELLANEOUS. Except as modified herein, the Sublease shall remain and continue in full force and effect. It is acknowledged that the 1994 Lease has not been modified by this Amendment No. 2 and shall remain and continue in full force and effect.

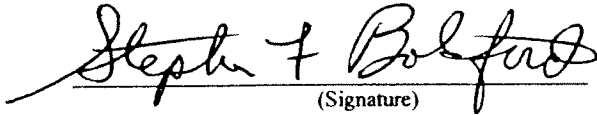
SFB

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 to Sublease as of the date written above.

AGREED AND ACCEPTED:

SUBLANDLORD:

LAUREL CANYON HOLDINGS, LLC, a
Nevada limited liability company


(Signature)

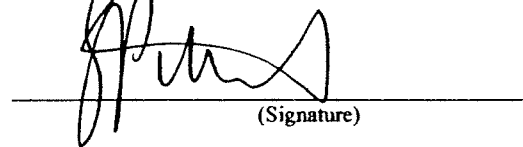
By: Stephen F. Botsford

Title: Member

20 Clarington Way
Barrington, Illinois 60010-6932
847/381-2701

SUBTENANT:

INSURANCE AUTO AUCTIONS, INC.,
an Illinois corporation


(Signature)

By: **SCOTT P. PETRI**
(Type or Print Name)

Title: **SUP & CFO**
(Type or Print Title)

Two Westbrook Corporate Center, Suite 500
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708/492-7000

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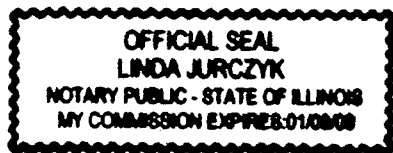
STATE OF ILLINOIS
COUNTY OF ~~DUPAGE~~
COOK

INITIAL
mm

ACKNOWLEDGEMENT

The foregoing instrument, AMENDMENT NO. 2 TO SUBLEASE, was acknowledged before me, the undersigned, a Notary Public in and for said State, by Scott Pettit, SUP & CFO on behalf of Insurance Auto Auctions Inc., an Illinois corporation.

WITNESS my hand and official seal this 27th day of June 2006.



Linda Jurczyk
Notary Public

My commission expires: 1-9-09

[SEAL]

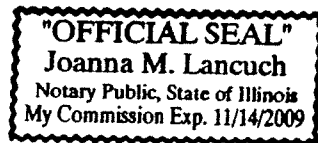
STATE OF ILLINOIS

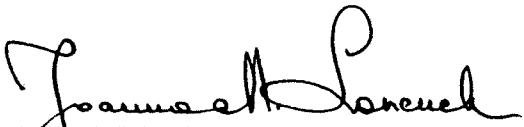
COUNTY OF LAKE

ACKNOWLEDGEMENT

The foregoing instrument, AMENDMENT NO. 2 TO SUBLEASE, was acknowledged before me, the undersigned, a Notary Public in and for said State, by Stephen F. Botsford, member, on behalf of Laurel Canyon Holdings, L. L.C., a Nevada limited liability company.

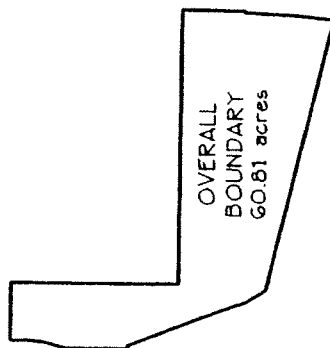
WITNESS my hand and official seal this 22 day of June 2006.





Notary Public
My commission expires: 11/14/09

[SEAL]

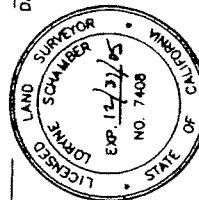


PARCELS	ACRES
A	9.57
B	5.00
C	3.14
D	2.55
E	5.70
F	5.19
G	1.90
H	1.20
I	0.73
J	4.37
K	0.14
L	20.62
M	0.73
TOTAL	60.81

NOTE
THIS EXHIBIT HAS BEEN PREPARED AS A LOTTING STUDY AT THE REQUEST OF STEPHEN F. BOTSFORD AND IS FOR PLANNING PURPOSES ONLY. EXISTING BOUNDARY LINES SHOWN HEREON ARE BASED UPON A FIELD SURVEY PERFORMED DURING AUGUST 2005. INTERIOR PARCEL LINES ARE BASED UPON FENCE LINES TAKEN FROM AERIAL PHOTOGRAPHY FLOWN NOVEMBER 13, 2002, EXCEPTING PARCELS J, K, AND L, WHICH WERE LOCATED DURING A FIELD SURVEY PERFORMED ON DECEMBER 13, 2005.

THIS EXHIBIT WAS MADE BY ME AND/OR UNDER MY DIRECTION.

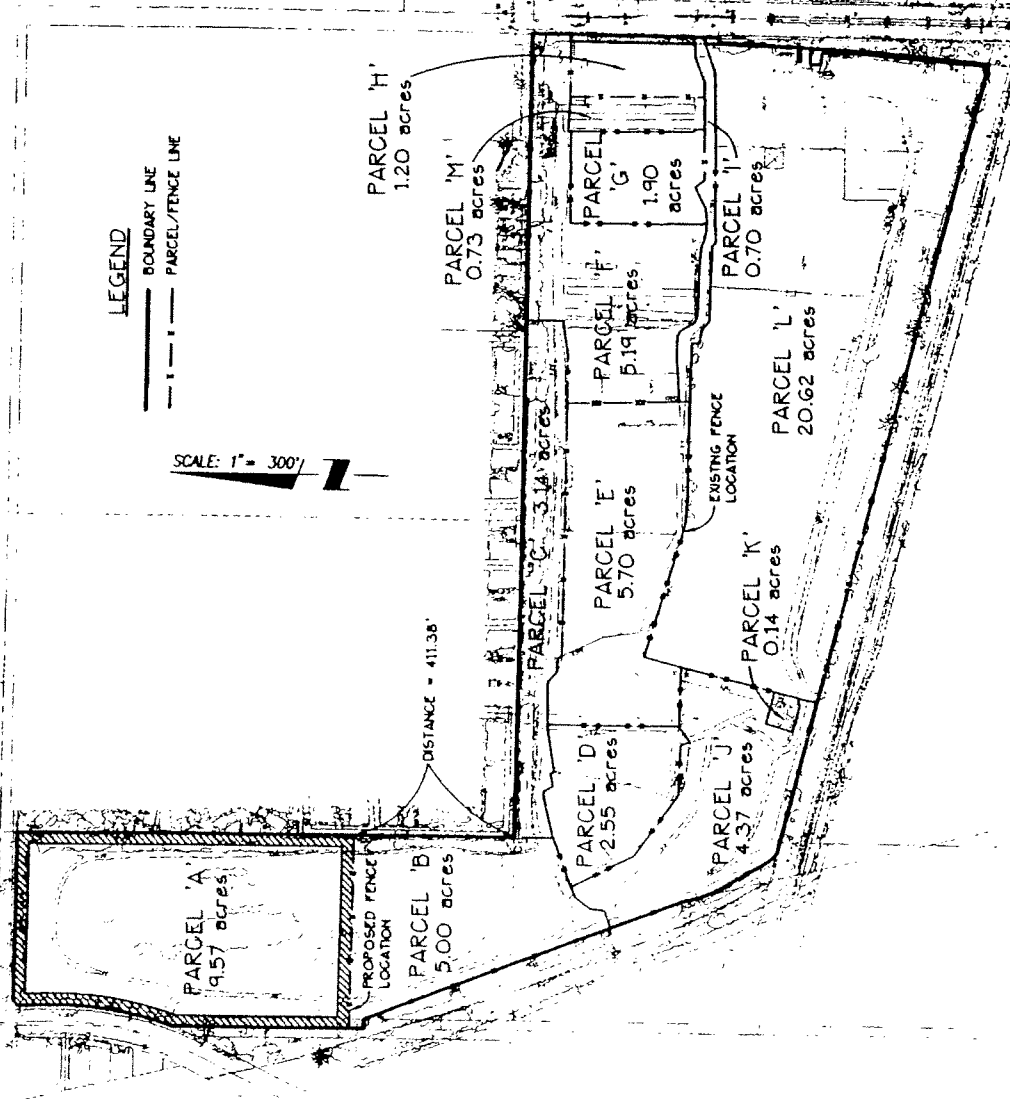
12/22/05
DATE



LORRYNE SCHAMBER
P.L.S. NO. 7408
LICENSE EXPIRES 12/31/05

LEGEND
—— BOUNDARY LINE
- - - - PARCEL/FENCE LINE

SCALE: 1" = 300'



STANTEC CONSULTING INC.
19 TECHWOOD DRIVE
EVANSTON, CA 92618
949-923-6000

PREPARED FOR:

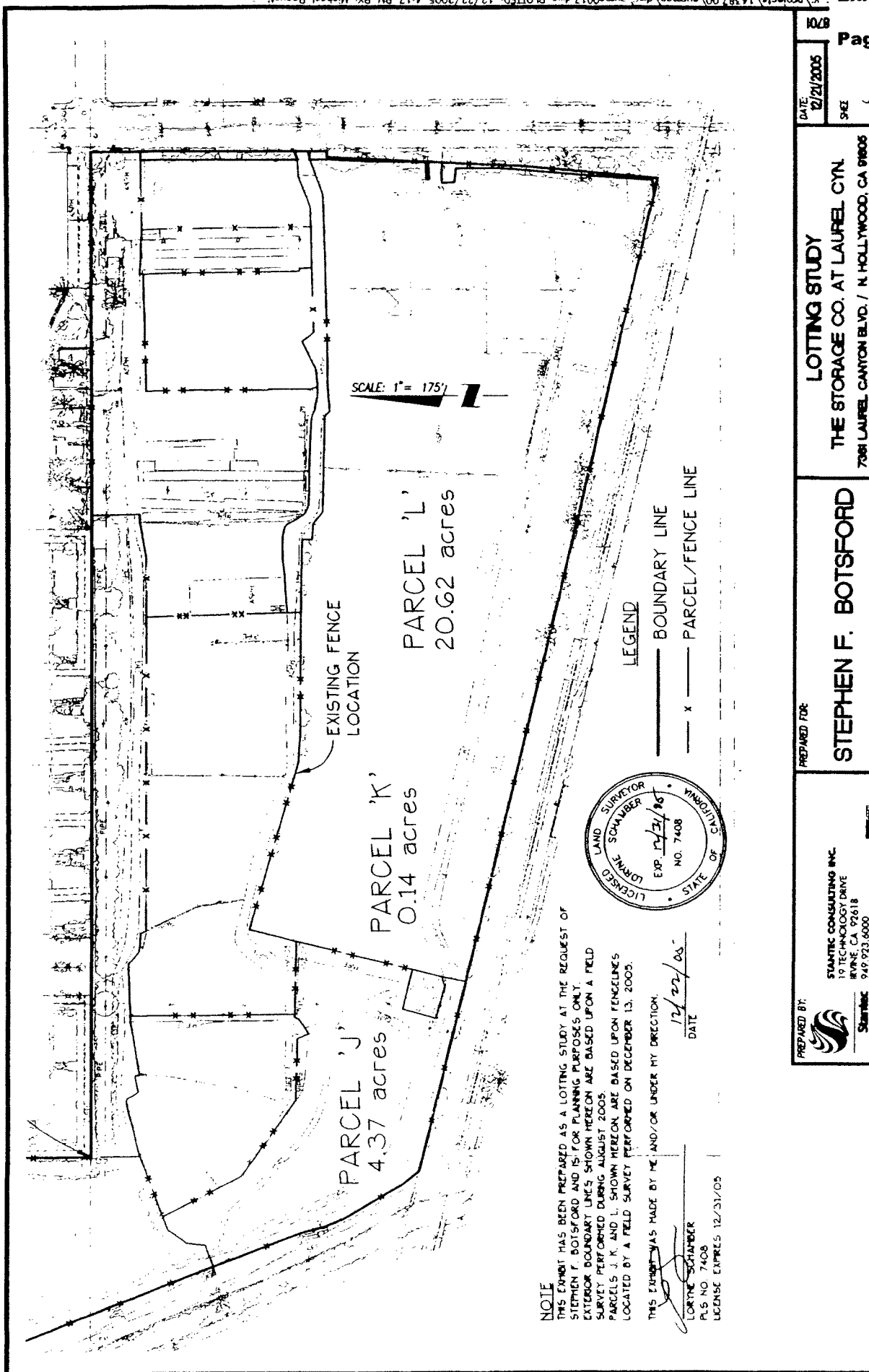
STEPHEN F. BOTSFORD

LOTGING STUDY

THE STORAGE CO. AT LAUREL CYN
7381 LAUREL CANYON BLVD. / N. HOLLYWOOD, CA 91605

DATE: 12/21/2005
SHEET: 942

SFB



SFB

Exhibit B

Minimum Rent due under Sublease

Premises under Sublease: 4.19 acres (4.37 after 6-1-09)

1/1/2006	to	5/1/2009	28,254
6/1/2009	to	6/30/2020	29,467

Premises under Sublease: 9.19 acres (9.37 after 6-1-09)

Commencement Date	to	5/1/2009	61,969
6/1/2009	to	6/30/2020	63,183

Premises under Sublease: 24.99 acres

6/1/2009	to	6/30/2020	152,399
----------	----	-----------	---------

Premises under Sublease: 29.99 acres

6/1/2009	to	6/30/2020	182,891
----------	----	-----------	---------

NOTE: Minimum rent is adjusted by CPI increases every year. Next adjustment dated is 1-1-2007.
Rent stated above is the Minimum Rent in effect as of 1-1-2006.

Rent Abatement

36 payments beginning	9/1/2006	to	8/1/2009	3,300
40 payments beginning	9/1/2009	to	12/1/2012	12,000

SPB

**Attachment # 80
is located on 2 CD's**

**Copies of these disks are stored in
the SAIC Oakland file room**

8145-8143 Tujunga Ave.

81. Property Profile for 8216/8271 Tujunga Avenue and Corporation Grant Deed documenting Purchase of Penrose Pit (Parcel 2311-002-001) by Los Angeles Byproducts from Consolidated Rock Products Co., March 5, 1974
82. Property Profile for 27736 Tujunga Avenue/8175 Fair Avenue and Corporation Grant Deed documenting Purchase of Penrose Pit (Parcel 2311-002-002) by Los Angeles Byproducts from Consolidated Rock Products Co., March 5, 1974
83. Change Notices for Penrose Pit Transactions, April 6, 1995
84. Parcel Profile Report, Parcel 2311-002-001, Former Penrose Pit, January 24, 2007

PROPERTY PROFILE

APN : 2314-001-001
OWNER : LOS ANGELES BY-PRODUCTS CO
OWNR2 :
SITE : 8216 TUJUNGA AVE
CITYST: SUN VALLEY CA

913

CONTENTS:

1. COMPUTERIZED PROFILE ON SUBJECT PROPERTY
2. COPY OF INSTRUMENTS WHEN AVAILABLE
 - A. DEED
 - B. CONCURRENT TRUST DEED
3. COMPARABLE SALES
4. COPY OF PLAT MAP

The information contained herein is an accommodation only. A search of the county records is necessary to complete the examination of any documentation affecting said property. No assurance can be given, express or implied, that the information provided is complete and accurate without the benefit of a policy of title insurance.

Comparison shopping may save money. This title information has been furnished without charge by Pacific Title Guaranty Company in conformance with the rules established by the California Insurance Commissioner, who urges you to shop for the best service available and compare charges and fees for title insurance, escrow, and other services associated with the purchase or sale of real property interests.

BY :

SALE/LOAN INFORMATION

ASSESSMENT/TAX INFORMATION

PROPERTY CHARACTERISTICS

*** THE ACCURACY OF THE ABOVE INFORMATION IS ***
*** DEEMED RELIABLE BUT IS NOT GUARANTEED ***

AUG 1976

RECORDING REQUESTED BY

140

AND WHEN RECEIVED MAIL TO

Los Angeles By-Products Co.
1810 East 25th Street
Los Angeles, Calif. 90058

Same as above

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DOCUMENTARY TRANSFER TAX \$ 275.00
COMPUTED ON FULL VALUE OF PROPERTY CONVEYED
ON COMPUTED ON FULL VALUE LESS LIENS AND
ENCUMBRANCES REMAINING AT TIME OF SALE
Frank M. Newberry
Signature of Deedmaker or Agent authorizing him. Name None

Grant Deed

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **CLAIRE NEWBERRY** and **MARJORIE M. NEWBERRY**, husband and wife, **NANCY M. TODD**, **CAROLYN M. MCCULLOCH** and **FRANK M. NEWBERRY**,

hereby GRANT, S, to **LOS ANGELES BY-PRODUCTS CO.**, a California corporation, -----

the following described real property in the City of Los Angeles
County of Los Angeles State of California

Lot 3 of the Lankershim Ranch Land and Water Company's subdivision of the East 12,000 acres of the South half of the Rancho Ex-Mission of San Fernando, in the City of Los Angeles, in the County of Los Angeles, State of California, as per map recorded in Book 31 Page 39 of Miscellaneous Records, in the office of the County Recorder of said County.

SUBJECT TO:

1. General and special taxes for the fiscal year 1976-1977, a lien not yet payable;
2. Any covenants, conditions, restrictions, reservations, rights, rights of way and easements of record.

(Date) July 29, 1976

STATE OF CALIFORNIA
COUNTY OF

the undersigned, a Notary Public in and for said State, personally appeared

to be the person who executed the foregoing instrument and acknowledged that the same was executed for the purposes and consideration therein expressed.

Signature of Notary Public

Notary Public

Title Order No. 7540015

Title Order No. 58-14811

MAIL TAX STATEMENTS AS DIRECTED ABOVE

T. 1. REC
AUG 1 976

T.I. REC AUG1976

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
On August 2, 1976 before me, the undersigned, a Notary Public in and for
the State of California, personally appeared Frank M. Newberry and Carolyn E. McCulloch
known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me
that they executed the same for the purposes and consideration therein expressed.
I, Notary Public, my hand and official seal this 2nd day of August, 1976.

Malcolm Ferguson
Notary Public

OFFICIAL SEAL
MALCOLM FERGUSON
Notary Public - California
SAN DIEGO COUNTY
My Commission Expires Oct. 14, 1978

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
On August 2, 1976 before me, the undersigned, a Notary Public in and for
the State of California, personally appeared Frank M. Newberry
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me
that he executed the same for the purposes and consideration therein expressed.
I, Notary Public, my hand and official seal this 2nd day of August, 1976.

Elizabeth R. Christopher
Notary Public

OFFICIAL SEAL
Elizabeth R. Christopher
Notary Public - California
SANTA FE SPRING OFFICE IN
SAN DIEGO COUNTY
My Commission Expires Aug. 21, 1978

AUG1976

AUG 1976

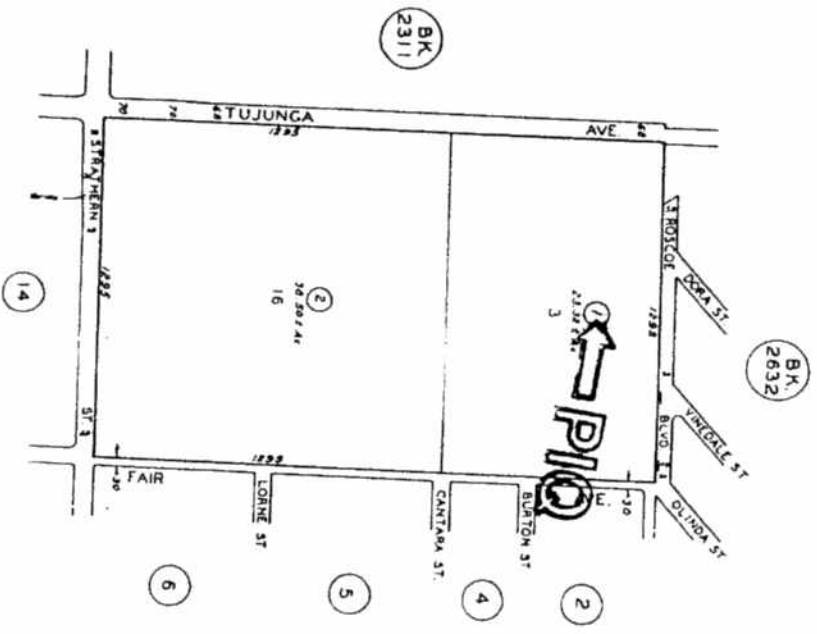
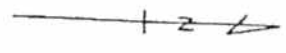
REC-1 AUG 1976

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
On August 1, 1976
I, Thor W. Riegler, Notary Public in and for
the County of Los Angeles, do hereby certify that
the foregoing is a true and correct copy of the
original as the same appears in my records.
Witness my hand and seal at Los Angeles, California
this 1st day of August, 1976.
Thor W. Riegler
My Commission Expires November 10, 1978

TRACT NO 16328 MB. 485-5-7
 PARCEL MAP P.M. 134-39-40

ASSESSOR'S MAP
 COUNTY OF LOS ANGELES

2314 1
 SCALE 1" = 400'



CODE
 13

FOR PREV. ASSMT SEE:
 1208-2

PROPERTY OF THE LANKERSHIM RANCH
 LAND AND WATER CO. M.R. 31-39-44

Street corners N.E. 31-38 are
 considered the lot lines in this
 tract, although the divisions of
 some lots are measured from the
 centerlines of the streets.

ASSESSOR'S MAP
 COUNTY OF LOS ANGELES CALIF

REVISED
 8/10/1914-14

OFFICE OF ASSESSOR
 COUNTY OF LOS ANGELES
 SCALE 1" = 30'
 2214 0

**PACIFIC TITLE
GUARANTY**

PROPERTY PROFILE

PROPERTY PROFILE

APN : 2311-002-001
OWNER : LOS ANGELES BY-PRODUCTS CO
OWNER2 :
SITE : 8271 TUJUNGA AVE
CITYST: SUN VALLEY CA

913

CONTENTS:

1. COMPUTERIZED PROFILE ON SUBJECT PROPERTY
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 - A. DEED
 - B. CONCURRENT TRUST DEED
3. COMPARABLE SALES
4. COPY OF PLAT MAP

The information contained herein is an accommodation only. A search of the county records is necessary to complete the examination of any documentation affecting said property. No assurance can be given, express or implied, that the information provided is complete and accurate without the benefit of a policy of title insurance.

Comparison shopping may save money. This title information has been furnished without charge by Pacific Title Guaranty Company in conformance with the rules established by the California Insurance Commissioner, who urges you to shop for the best service available and compare charges and fees for title insurance, escrow, and other services associated with the purchase or sale of real property interests.

PREPARED FOR :

REQUESTED BY : PACIFIC TITLE GUARANTY

BY :

APN	: 2311-002-001		
OWNER	: LOS ANGELES BY-PRODUCTS CO		
OWNR2	:	PHONE	:
SITE	: 8271 TUJUNGA AVE	OWNSHP	:
CITYST	: SUN VALLEY CA	CENSUS	: 1221.005
MAIL	: 1810 E 25TH ST	TRACT	: 27736
CITY	: LOS ANGELES CA	LOT	: 1
PG-GRD	: (old) 16-D1 (new) 532-J2	BLOCK	:
LEGAL	:	ZONE	: LAM3-1-G-M2-1-G

SALE/LOAN INFORMATION

SALEDT: 03/05/74	DOC# : 1312622	PREVDT:
SALEAM: UNAVAIL	\$/SQFT:	PREVAM: UNAVAIL
1STLN :	TITLE :	SELLER:
LNTYPE:	LENDER:	
+ADDL :	LAST TRANS W/O \$:	

ASSESSMENT/TAX INFORMATION

ASSD : \$640,592	TAXAMT: \$8,625.94
LAND : \$598,698	TXSTAT: CURRENT
IMPVAL: \$41,894	TXAREA: 13
%IMPRV: 6	EXEMPT:

PROPERTY CHARACTERISTICS

USE :	SQR/FT: 3410	LOTSZ : 24.00A
YRBLT : 1960	ADDTNS:	USABLE:
ROOMS :	HTCOOL:	DIMENS:
BEDBTH:	POOL :	FOUNDN:
#FAMRM:	FIREPL:	EXTERI:
#UNITS:	#GARSP:	ROOF :
#STORY:	GARTYP:	REMHOU:
VIEW :		REMKIT:
STRUCT:		

*** THE ACCURACY OF THE ABOVE INFORMATION IS ***
*** DEEMED RELIABLE BUT IS NOT GUARANTEED ***

73 MAR 5 1974

RECORDING REQUESTED BY

305

Title Insurance and Trust Company

AND WHEN RECEIVED MAY BE

3955 CLUB INC.
315 West Ninth Street
Los Angeles, California 90015
ATTN: Russell W. Bladsoe

Los Angeles By-Product Co.

1810 East 26th Street

Los Angeles, Calif. 90068

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DECLARANT TRANSFERRED THE \$2,800.00
ACCOMPLISHED FULL VALUE OF PROPERTY CONVEYED
ON CONVEYANCE AS FULL VALUE LESS LIENS AND
ENCUMBRANCES EXISTING AT TIME OF SALE

Corporation Grant Deed

TO 406 CA (7-68)

THIS FORM FURNISHED BY TITLE INSURANCE AND TRUST COMPANY

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, CONROCK CO., a Delaware corporation, who acquired title as CONSOLIDATED ROCK PRODUCTS CO., a corporation organized under the laws of the State of Delaware hereby GRANTS to LOS ANGELES BY-PRODUCT CO., a California corporation

the following described real property in the City of Los Angeles,
County of Los Angeles, State of California:

PARCEL 1:
Lots 1 and 2 of Tract No. 27736, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 708 Pages 46 and 47 of Maps, in the office of the County Recorder of said County.

RESERVING unto the grantor and his assigns all precious metals and ores and all non-precious minerals and all oil, gas and other hydrocarbons in the premises described herein, except that there shall be no right of entry on the surface of said premises or in said premises to a depth of 500 feet measured at right angles from the surface thereof.

PARCEL 2:
An easement for road purposes for ingress and egress to Lankershim Boulevard over the Northerly 30 feet of the Southerly 4.27 acres of the Northerly 14.27 acres (as computed to street centers) of Lot 5 of the property of the Lankershim Rancho Land & Water Co., in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 31 Page 99 of Miscellaneous Records, in the office of the County Recorder of said County.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its President and Secretary

thereunto duly authorized.

Dated: March 1, 1974

CONROCK CO., a Delaware corporation, who
acquired title as CONSOLIDATED ROCK PRODUCTS
a Delaware corporation

By

Hr.

STATE OF CALIFORNIA

COUNTY OF Los Angeles

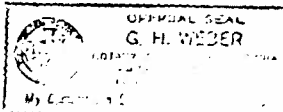
On March 4, 1974

before me, the undersigned, a Notary Public in and for said State, personally appeared
Byron P. Weitz

known to me to be the President, and
Scott I. Wilcox

Secretary of the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and returned to me the duly authenticated copies of the within instrument pursuant to the provisions of the California Code of Civil Procedure.

WITNESS my hand and seal this 4th day of March, 1974.
G. H. WEDER
Name (Typed or Printed)



Title Order No. 7258196-MI

Exhibit or Annex No. 72 58 196-BUL:001

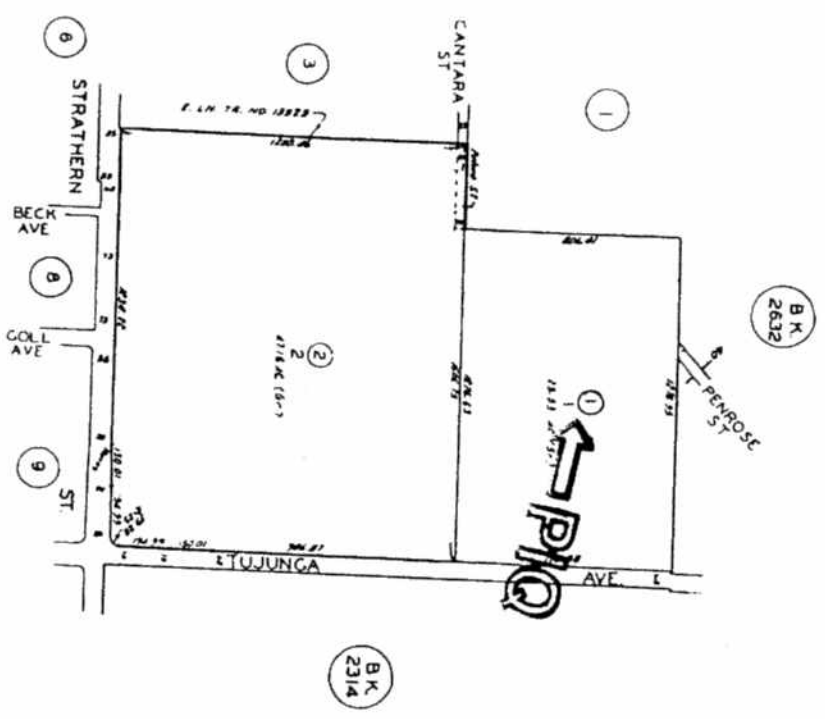
MAIL TAX STATEMENTS AS DIRECTED ABOVE

MAR 5 74

TRACT NO. 16231 M.B. 380.50

2311 2
SCALE 1" = 400'

440513
REVISED



CODE
13

FOR PREV ASSMT SEE
1208-2

TRACT NO. 27736 M.B. 708-46-47

FOR THE CITY OF LOS ANGELES

2311 12
SCALE 1" = 100'

8

**PACIFIC TITLE
GUARANTY**

PROPERTY PROFILE

Pacific Title Guaranty Company • 911 Wilshire Boulevard, Suite 1800 • Los Angeles, California 90017 • (213) 489-3033 FAX (213) 489-3760

PTG-015 (8-92)

PREPARED FOR :

BY :

REQUESTED BY : PACIFIC TITLE GUARANTY

APN	: 2311-002-002	PHONE	:	
OWNER	: LOS ANGELES BY-PRODUCTS CO	OWNSHP	:	
OWNR2	:	CENSUS	:	
SITE	: 27736 TUJUNGA AVE	TRACT	: 27736	
CITYST	: SUN VALLEY CA	LOT	: 2	
MAIL	: 1810 E 25TH ST	BLOCK	:	
CITY	: LOS ANGELES CA	90058	ZONE	: LAM3-1-G-M2-1-G
PG-GRD	: (old) 37-AS (new) -			
LEGAL	:			

SALE/LOAN INFORMATION

SALEDT	: 03/05/74	DOC#	:	PREVDT	:
SALEAM	: \$2,600,026	\$/SQFT	: \$590.91	PREVAM	: UNAVAIL
1STLN	:	TITLE	:	SELLER	:
LNTYPE	:	LENDER	:		
+ADDL	:	LAST TRANS W/O	:		

ASSESSMENT/TAX INFORMATION

ASSD	: \$1,207,801	TAXAMT	: \$15,305.56
LAND	: \$1,198,743	TXSTAT	: CURRENT
IMPVAL	: \$9,058	TXAREA	: 13
%IMPRV	: 0	EXEMPT	:

PROPERTY CHARACTERISTICS

USE	: DUMP SITE	SQR/FT	: 4400	LOTSZ	: 47.00A
YRBLT	: 1960	ADDTNS	:	USABLE	:
ROOMS	:	HTCOOL	:	DIMENS	:
BEDBTH	:	POOL	:	FOUNDN	:
#FAMRM	:	FIREPL	:	EXTERI	:
#UNITS	:	#GARSF	:	ROOF	:
#STORY	:	GARTYP	:	REMHOU	:
VIEW	:			REMKIT	:
STRUCT	:				

*** THE ACCURACY OF THE ABOVE INFORMATION IS ***
*** DEEMED RELIABLE BUT IS NOT GUARANTEED ***

73-MAR 5 1974

RECORDING REQUESTED BY

305

Title Insurance and Trust Company

AND WHEN REQUESTED MAIL TO

3955 CLUB INC.
315 West Ninth Street
Los Angeles, California 90015
ATTN: Russell W. Bledsoe

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Los Angeles By-Products Co.

1810 EAST 26TH STREET

LOS ANGELES, CALIF. 90008

DOCUMENTARY TRANSFER TAX \$2,860.00
ACCOMPLISHED BY FULL VALUE OF PROPERTY CONVEYED
OR COMPUTED BY FULL VALUE LESS LIENS AND
ENCUMBRANCES EXISTING AT TIME OF SALE.

State of California - Declaration of Agent Submitting this Form

Corporation Grant Deed

TO 406 CA (7-68)

THIS FORM PUBLISHED BY TITLE INSURANCE AND TRUST COMPANY

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, COMROCK CO., a Delaware corporation, who acquired title as CONSOLIDATED ROCK PRODUCTS CO.,

a corporation organized under the laws of the state of Delaware

hereby GRANTS to LOS ANGELES BY-PRODUCT CO., a California corporation

the following described real property in the City of Los Angeles,
County of Los Angeles, State of California:

PARCEL 1:

Lots 1 and 2 of Tract No. 27736, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 708 Pages 46 and 47 of Maps, in the office of the County Recorder of said County.

RESERVING unto the grantor and his assigns all precious metals and ores and all non-precious minerals and all oil, gas and other hydrocarbons in the premises described herein, except that there shall be no right of entry on the surface of said premises or in said premises to a depth of 500 feet measured at right angles from the surface thereof.

PARCEL 2:

An easement for road purposes for ingress and egress to Lankershim Boulevard over the Northerly 30 feet of the Southerly 4.27 acres of the Northerly 14.27 acres (as computed to street centers) of Lot 5 of the property of the Lankershim Rancho Land & Water Co., in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 31 Page 39 of Miscellaneous Records, in the office of the County Recorder of said County.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its President and Secretary thereunto duly authorized.

Dated: March 1, 1974

STATE OF CALIFORNIA

COUNTY OF Los Angeles

On March 4, 1974

before me, the undersigned, a Notary Public in and for said State, personally appeared Byron P. Weintz

known to me to be the President, and

Scott I Wilcott

Secretary of the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument in behalf of the Corporation, they read and acknowledged to me the said Corporation executed the within instrument pursuant to the order or resolution of its board of directors.

WITNESS my hand and official seal.

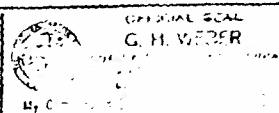
Signature

G. H. WEBER

Name (Typed or Printed)

President and Secretary
COMROCK CO., a Delaware corporation, who
acquired title as CONSOLIDATED ROCK PRODUCTS
a Delaware corporation

By [Signature]
By [Signature]



File Order No. 7258196-MN

Exhibit to Record No. 72 58 196-BCL 034

MAIL FAX STATEMENTS AS DIRECTED ABOVE

MAR 5 74

82-1312622



Recording Requested by
and When Recorded Mail to:

LOS ANGELES BY-PRODUCTS CO.
1810 East 25th Street
Los Angeles, California 90058

A.P.N. 2311-002-001 and
2311-002-002
Documentary Transfer Tax -0-
Consideration or value does not exceed
\$100.00

CORPORATION QUITCLAIM DEED

GREENWALD, HOFFMAN & MEYER
By Lawrence F. Meyer

The undersigned is the owner of certain gas and other hydrocarbon interests with respect to the real property described below. Such real property has been used for sanitary landfill purposes. As a result of the anaerobic digestion of the solid waste deposited in such sanitary landfill by microscopic bacteria, the generation of landfill gas, composed of methane, carbon dioxide and certain other elements has been and will continue to be generated in the sanitary landfill.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, CONROCK CO., a Delaware Corporation, who acquired title as CONSOLIDATED ROCK PRODUCTS CO., hereby releases, remises, and quitclaims to Los Angeles By-Products Co., a California Corporation, any and all rights and interest which the undersigned may now have or may hereafter acquire with respect to the recovery, sale or other use or exploitation of the landfill gas or other hydrocarbon generated from the anaerobic digestion by methanogenic bacteria of refuse and other solid wastes deposited in the course of past, present and future sanitary landfill operation conducted on the premises commonly known as the Penrose Sanitary Landfill Site, and legally described as:

Lots 1 and 2 of Tract No. 27736, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 708 Pages 46 and 47 of Maps, in the office of the County Recorder of said County.

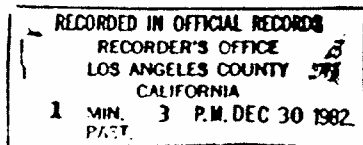
IN WITNESS WHEREOF, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its President and Secretary thereunto duly authorized.

DATED: DEC 22 1982

CONROCK CO., a Delaware corporation,
who acquired title as CONSOLIDATED
ROCK PRODUCTS, a Delaware corporation

by: William F. Meyer
President

by: Lawrence F. Meyer
Secretary



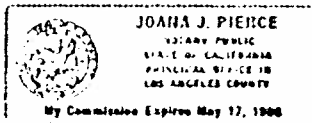
STATE OF CALIFORNIA)
COUNTY OF Los Angeles) ss.

On December 22, 1982, before me, the undersigned, a Notary Public in and for said State, personally appeared William F. Meyer, known to me to be the President, and Lawrence F. Meyer, known to me to be the Secretary of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of said Corporation therein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by laws or a resolution of its board of directors.

WITNESS my hand and official seal.

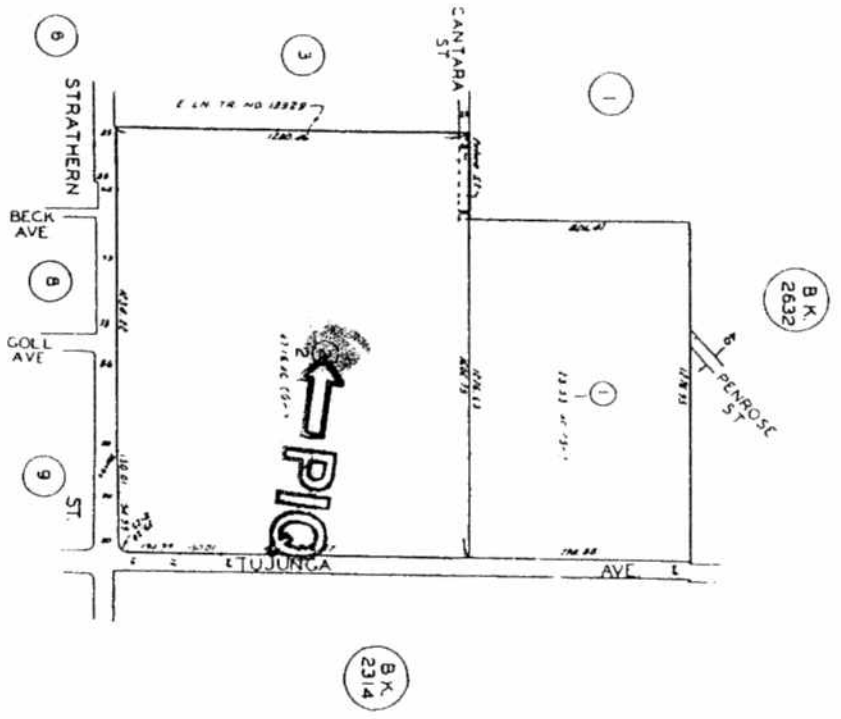
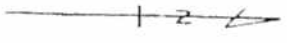
Signature

Joana J. Pierce



TRACT NO. 162 N.B. 350.50.

2311 2
SCALE 1" = 400'



CODE
13

FOR PREP ASSMT SEE
1209-2

TRACT NO. 27736 M.B. 708-46-47

2311 12
DATE 1" = 100'

FOR MAP OF LOS ANGELES COUNTY

CalMat Co

P.O. BOX 2950, LOS ANGELES, CALIFORNIA 90051 (213) 258-2777
3200 SAN FERNANDO ROAD, LOS ANGELES, CALIFORNIA 90065



April 6, 1995

TRANSMITTAL LETTER

Barry C. Vaughan, Esq.
Gibbs, Giden, Locher & Acret
One Century Plaza
2029 Century Park East, Suite 3400
Los Angeles, CA 90067

RE: **Penrose Pit**

Dear Barry:

We are sending you

☒ **Enclosed**

☐ Original documents

☐ Other

☐ Under separate cover

☒ **Copy of documents**

DESCRIPTION

Charge Notices for Penrose Pit Transactions

☒ **For your information**

☐ As requested

☐ For your review

☒ **Other**

☐ Please execute and
return to me.

☐ Return not necessary

☐ Please file original/
return conformed copy

REMARKS: Still searching for full files.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Brian'.

Brian W. Ferris
Assistant General Counsel

BWF/mab
Enclosures

Effective Date
3/5/74, 19__
A.F.E. No(s).
NA



CONROCK

CONROCK CO.

Change Notice No
626
Notice Date
9/30/74, 19__

1	Name of Property: (Seller) xxxxxx Consumer Rock & Gravel, Grace Johnson, Blue Diamond			
	Site Location Name Penrose		Property File No. 016-04-01	
	City Los Angeles		County Los Angeles	
	Permanent Site No. 016	Assigned Operating No. 0721	C.R.P. Parcel No(s). 73,84,164,165	Tax Parcel No(s). Affected 2311-002-01 2311-002-02

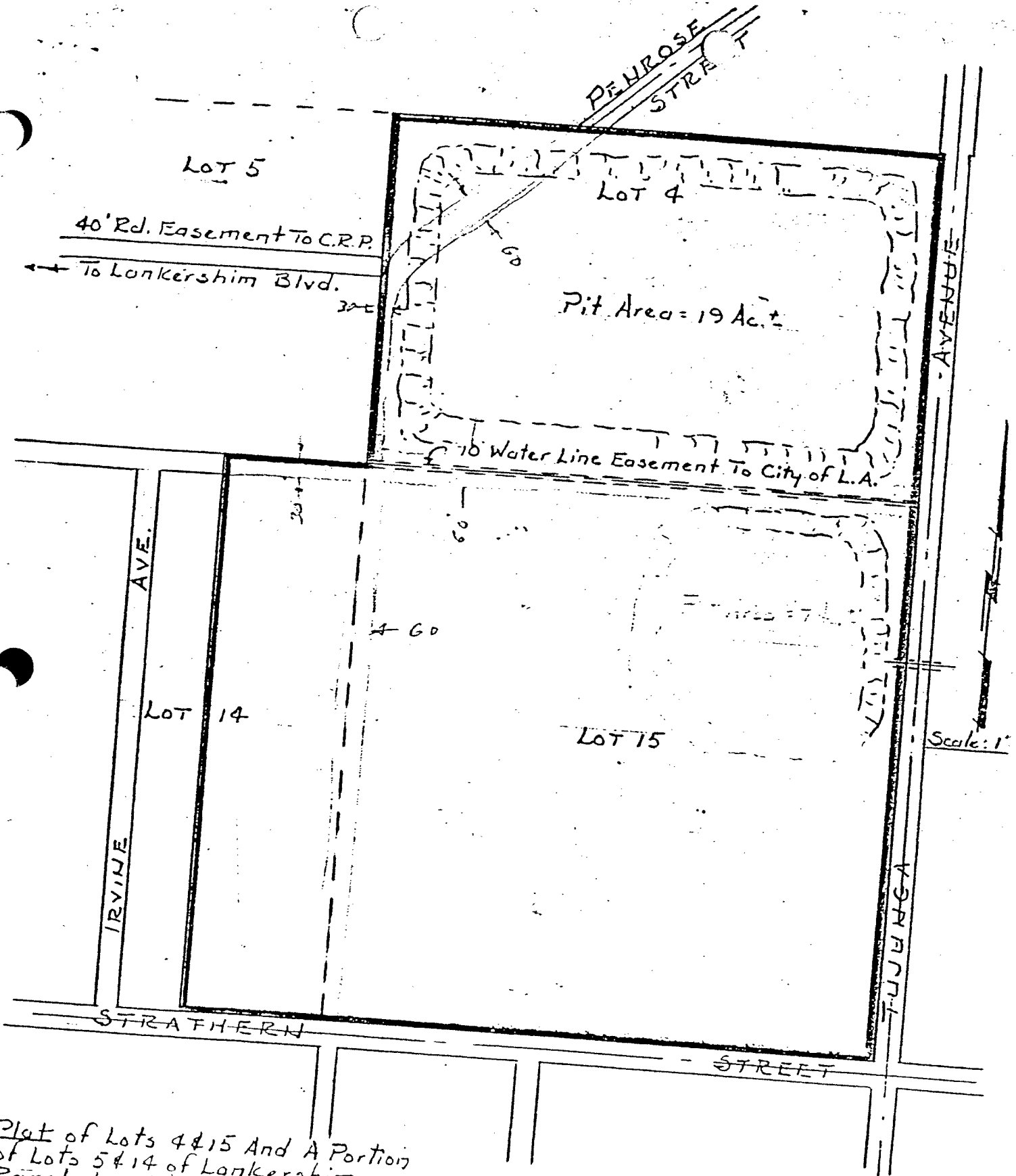
2	Nature of Change: Sale of Fee		Gross Acres 72.25 ±	Calc. By:
			Net Ac. (Avail)	

3	Description of Change: CONROCK CO. sold, for cash, to L. A. By-Products all Fee holdings at the Penrose site for landfill use. Net at close of escrow - \$2,449,671.69.	

4	Brief Property Description (if applicable): Lots 1 and 2, Tract 27736	

Map Attached	
Prepared By: <i>[Signature]</i>	
Distribution	
<input type="checkbox"/> B. P. Weintz	<input type="checkbox"/> G. Vincent
<input type="checkbox"/> S. L. Yount	<input type="checkbox"/> R. Roberts
<input type="checkbox"/> Wm. Jenkins	<input type="checkbox"/> Property Acctg.
<input type="checkbox"/> R. Fitzgerald	<input type="checkbox"/> Special Distribution
<input type="checkbox"/> C. Vincent	<input type="checkbox"/> S. Wilcott

Property Manager	
For Wm. Jenkins Use Only	
Tickler File Updated	Insurance Req. In Order
Original Documents Attached for File	



Plot of Lots 4 & 15 And A Portion
of Lots 5 & 14 of Lonkershim
Ranch Land & Water Co. Per
P. 31-39 et. seq.

CONSOLIDATED ROCK PRODUCTS CO.
2730 So Alameda St. Los Angeles 54, Cal.
PENROSE PROPERTY
Total Fee Property = 72.25 Ac.
12-22-53 - (C)

Effective Date
6/1, 1972

A.F.E. No(s).

N/A

CONSOLIDATED ROCK PRODUCTS CO.

NOTICE OF PROPERTY CHANGE

Change Notice No
565

Notice Date
6/2, 1972

1

Name of Property: (Seiler)

~~XXXXXX~~

ConsumersRock & Gravel Co., et. al.

Site Location
Name

Penrose

Property
File No.

016-07-01

City

Los Angeles

County

Los Angeles

Permanent
Site No.

016

Assigned
Operating No.

7101

C.R.P. Parcel No(s).

073, 084, 164 & 165

Tax Parcel No(s).
Affected

2311-002-01 &
2311-002-02

2

Nature of Change:

Extension of Lease

Gross
Acres 69.79⁺

Net Ac.

(Avail) - -

Calc.
By:

3

Description of Change:

ConRock Co. agreed to the extension of the existing lease with Los Angeles By-Products Co. for an additional period of seven (7) months ending December 31, 1972.

4

Brief Property Description (if applicable):

Tract No. 27736, in the Rancho Ex-Mission of San Fernando, in the City of Los Angeles, County of Los Angeles, as per map recorded in Book 708, page 47 of said county, known as 8251 Tujunga Ave., Los Angeles, Calif.

Map Attached

Prepared By:

Ronald S. Luchman

Property
Manager

[Signature]

For Wm. Jenkins Use Only

Tickler File
Updated

Insurance Req.
In Order

Original Documents Attached for File

Original Letter Amendment

Distribution

1 B.P. Weintz

1 S. L. Yount

2 Wm. Jenkins

1 R. Fitzgerald

1 C. Vincent

1 G. Vincent

1 R. Roberts

1 D. Scott

Special Distribution

S. Wilcott

TRACT NO. 27736

IN THE CITY OF LOS ANGELES

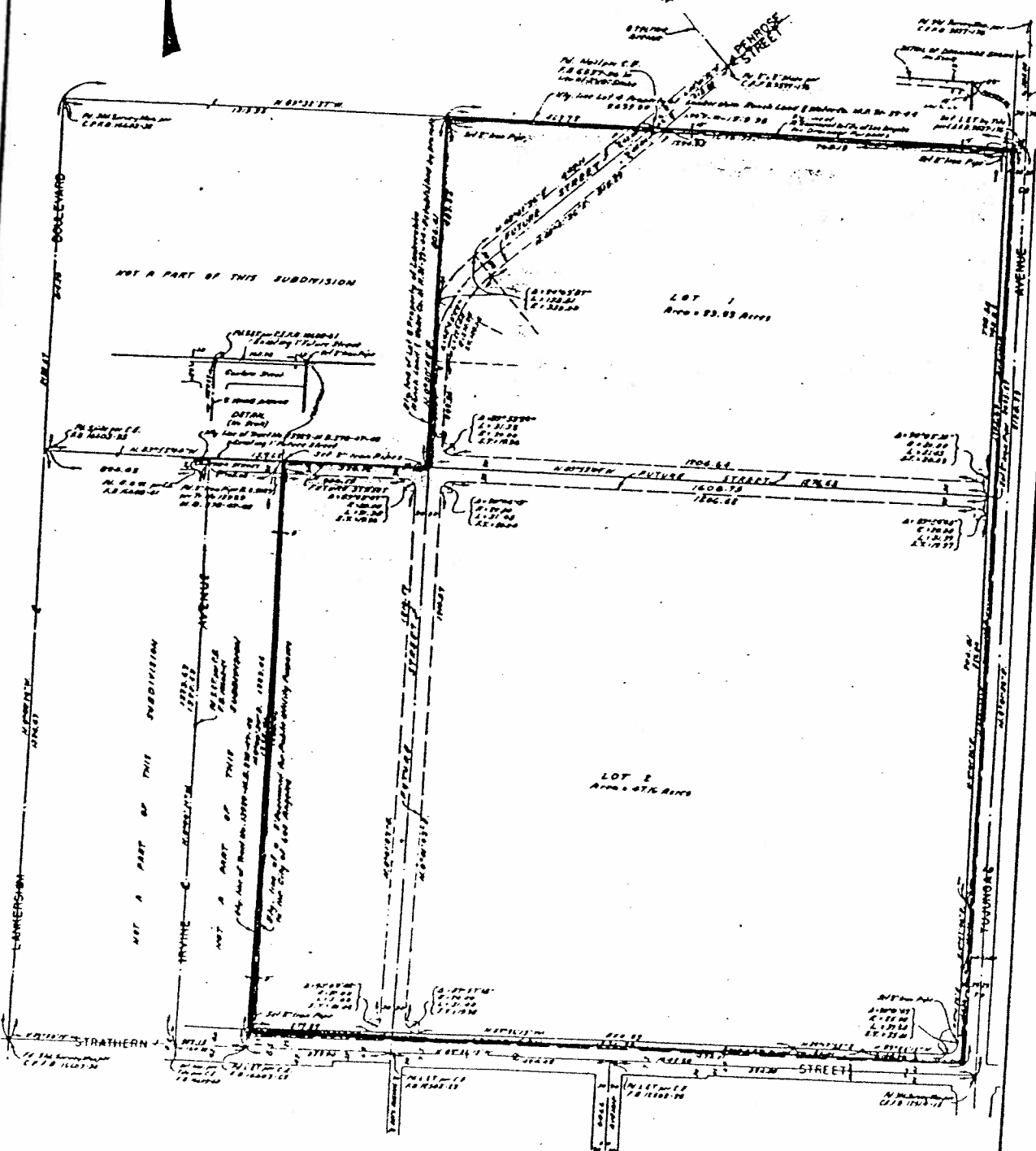
SURVEYED ----- BY JAMES B. SWINNEY L.S. 2505

RECORDED
AT REC'D OF
Aug. 21, 1918
4:53 P.M.

BOOK 708
PAGE 47
OF MAP OF SAN
JOSE COUNTY, CALIF.
RAY, E. LEE
COUNTY OF SAN JOSE

7-1-18

Note: The bearing N. 89° 56' 15" W. of the center line of Strathern Street as shown on map of Tract No. 13929 as recorded in Book 278 pages 47 and 48 of maps records of Los Angeles county was used as the basis of bearings shown on this map.



11-30-1967
A.F.E. No(s).
N/A

CONSOLIDATED ROCK PRODUCTS CO.
NOTICE OF PROPERTY CHANGE

003
Notice Date
12-18

1 Name of Property: (Seller) ~~DESEXX~~ Consumers Rock & Gravel Co. et. al.
Site Location Name Penrose
City Los Angeles
Property File No.
County Los Angeles
Permanent Site No. 016
Assigned Operating No. 16
C.R.P. Parcel No(s).
Portions of Parcels 084;
164 & 165

2 Nature of Change:
Termination of Lease
Tax Parcel No. Affected
1209-002-004

3 Description of Change:
Blue Diamond Co. quitclaimed to CRP Co. all rights in connection
with referenced property at termination of excavation lease.
Gross Acres 24.16 A
Net Ac. (Avail) 73.24 Ac
Cal By: *[Signature]*

4 Brief Property Description (if applicable):
See Map Attached.

Map Attached

Prepared By: *[Signature]*

Distribution

- 1 B.P. Weintz
- 1 S. L. Yount
- 2 S.F. Whaley
- Al Inda
- Dick Roberts

Special Distribution

Property Manager
[Signature]

For S. F. Whaley Use Only
Tickler File Updated

Insurance Req. In Order
Original Documents Attached for File

Original Quitclaim D.

LANKERSHIM

1218.341

STRATHEED

I = 23.99 Ac. f.
II = 15.03 Ac. f.
III = 10.06 Ac. f.

24.6 Ac. f.



AGENTS FOR FILL

4/29/64

L.A. 84-1

PENROSE 6



City of Los Angeles
Department of City Planning

01/24/2007

PARCEL PROFILE REPORT

PROPERTY ADDRESSES

8215 N TUJUNGA AVE
8271 N TUJUNGA AVE
8261 N TUJUNGA AVE
8251 N TUJUNGA AVE
8201 N TUJUNGA AVE

ZIP CODES

91352

RECENT ACTIVITY

None

CASE NUMBERS

CPC-877
CPC-1986-822
CPC-18707-C
ORD-165141-SA3180
ORD-165141-SA3170
ORD-134789
ZV-1982-186
ZV-1982-156
ZA-21059
ZA-2003-2669-ZV-YV
ZA-1978-413-ZV
ZA-1978-413
ZA-16319
ENV-2003-2670
EIR-77-421-ZV

Address/Legal Information

PIN Number:
Area (Calculated):
Thomas Brothers Grid:

Assessor Parcel Number:
Tract:
Map Reference:
Block:
Lot:
Arb (Lot Cut Reference):
Map Sheet:

192B169 486
1,024,214.4 (sq ft)
PAGE 532 - GRID J2
PAGE 532 - GRID H2
2311002001
TR 27736
M B 708-46/47
None
LT 1
None
192B169
192B173

Jurisdictional Information

Community Plan Area:
Area Planning Commission:
Neighborhood Council:
Council District:
Census Tract #:
LADBS District Office:

Sun Valley - La Tuna Canyon
North Valley
Sun Valley
CD 6 - Tony Cardenas
1219.00
Van Nuys

Planning and Zoning Information

Special Notes:
Zoning:

None
M1-1-G
M2-1-G
MR1-1-G
ZI-2355 Environmental Justice
Improvement Area
Limited Manufacturing
Light Manufacturing
8
Sun Valley
None
None
None
None
None
None
None
None
No
No
None
Not Eligible
None
No
No
None
No

Zoning Information (ZI):

General Plan Land Use:

Plan Footnote - Site Req.:
Additional Plan Footnotes:
Specific Plan Area:
Historic Preservation Overlay Zone:
Historical Cultural Monument:
Mills Act Contract Number:
POD - Pedestrian Oriented Districts:
CDO - Community Design Overlay:
Streetscape:
Sign District:
Adaptive Reuse Incentive Area:
35% Density Bonus:
CRA - Community Redevelopment Agency:
Central City Parking:
Downtown Parking:
Building Line:
500 Ft School Zone:

Assessor Information

Assessor Parcel Number:
Parcel Area (Approximate):
Use Code:
Building Class:
Assessed Land Val.:
Assessed Improvement Val.:
Year Built:

2311002001
1,024,966.8 (sq ft)
No
CX
\$759,459
\$53,224
1960
1960
1979
03/05/74

Last Owner Change:

Last Sale Amount:	\$2,600,026
Number of Units:	0
Number of Bedrooms:	0
Number of Bathrooms:	0
Building Square Footage:	245.0 (sq ft)
Tax Rate Area:	13
Deed Reference No.:	No

Additional Information

Airport Hazard:	None
Coastal Zone:	None
Farmland:	Area not Mapped
Very High Fire Hazard Severity Zone:	No
Fire District No. 1:	No
Fire District No. 2:	Yes
Flood Zone:	A D=N/A E=N/A PI
Hazardous Waste / Border Zone Properties:	No
Methane Hazard Site:	Methane Zone
High Wind Velocity Areas:	No
Hillside Grading:	No
Oil Wells:	None
Alquist-Priolo Fault Zone:	No
Distance to Nearest Fault:	0.96170 (km)
Landslide:	No
Liquefaction:	No

Economic Development Areas

Business Improvement District:	None
Federal Empowerment Zone:	None
Renewal Community:	No
Revitalization Zone:	None
State Enterprise Zone:	None
Targeted Neighborhood Initiative:	None

Public Safety

Police Information:	
Bureau:	Valley
Division / Station:	North Hollywood
Report District:	1505
Fire Information:	
District / Fire Station:	77
Batallion:	12
Division:	3
Red Flag Restricted Parking:	No

CASE SUMMARIES

Note: Information for Case Summaries is Retrieved from the Planning Department's Plan Case Tracking System (PCTS) Database.

Case Number: CPC-1986-822

Required Action(s): Data Not Available

Project Description(s): AB-283 PROGRAM - GENERAL PLAN/ZONE CONSISTENCY - SUN VALLEY AREA - COMMUNITY WIDE ZONE CHANGES AND COMMUNITY PLAN CHANGES TO BRING THE ZONING INTO CONSISTENCY WITH THE COMMUNITY PLAN. INCLUDES CHANGES OF HEIGHT AS NEEDED. REQUIRED BY COURT AS PART OF SETTLEMENT IN THE HILLSIDE FEDERATION LAWSUIT (DO ...

CONTINUATION OF CPC-86-822. SEE GENERAL COMMENTS FOR CONTINUATION.

Case Number: CPC-18707-C
Required Action(s): C-THIRD EXTENSION FOR PRIVATE STREET ONLY
Project Description(s): CHANGE OF ZONE FROM RA-1, RA-1-G, R1-1, M1-1, M1-1-G, M2-1 AND P-1 TO ZONES M1-1, M2-1, M2-1-G, M3-1, P-1 AND P-1-G ON MAJOR PORTION OF PROPERTY GENERALLY BOUNDED BY WICKS ST., GLENOAKS BLVD., RANDALL ST. (AND ITS EXTENSION), BRADLEY AVE., PENROSE ST., SUNLAND BLVD. AND CLYBOURNE AVE.

CONTINUATION OF CPC-18707-A. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-1. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-2. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-3. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-4. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-5. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-6. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-7. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-8. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-9. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-10. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-11. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-12. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-13. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-14. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-15. SEE GENERAL COMMENTS FOR CONTINUATION.

CONTINUATION OF CPC-18707-A-16. SEE GENERAL COMMENTS FOR CONTINUATION.

ZONE CHANGES

ZONE CHANGES

CHANGE OF ZONES R1-1, R1-1-G, C2-1, M1-1-G AND M3-1-G TO P-1, P-1-G, CM-1, M1-1, M1-1-G, M2-1 AND M2-1-G - VARIOUS PORTIONS OF AREA GENERALLY BOUNDED BY SAN FERNANDO RD., OLINDA ST., FAIR AVE., STRATHERN ST., LANKERSHIM BLVD., AND ILEX AVE.

CONTINUATION FROM CPC-18707-C (SEE GENERAL COMMENT)

CONTINUATION OF CPC-18707-C-1 (SEE GENERAL COMMENTS)

CONTINUED FROM CPC-18707-C-2 (SEE GENERAL COMMENTS)

CONTINUED FROM CPC-18707-C-3 (SEE GENERAL COMMENTS)

Case Number: ZV-1982-186
Required Action(s): Data Not Available
Project Description(s): A PLAN APPROVAL TO PERMIT THE CONSTRUCTION, USE AND MAINTENANCE OF A THREE LEVELS OF SUBTERRANEAN PARKING ACCOMMODATING 517 CARS.

Case Number: ZA-2003-2669-ZV-YV
Required Action(s): YV-HEIGHT AND DENSITY ADJUSTMENTS 20% OR MORE
ZV-ZONE VARIANCE
Project Description(s): ZONE VARIANCE TO PERMIT STORAGE AND PARKING IN THE MR1-1-G AND M2-1-G ZONES IN LIEU OF RECREATION USES AS RECREATION USES AS REQUIRED BY ZV78-413 (CONDITION NO. 13); AND TO PERMIT STORAGE AND AND PARKING IN MR1-1-G ZONE WITHOUT ENCLOSING FENCES.

Case Number: ZA-1978-413-ZV
Required Action(s): ZV-ZONE VARIANCE
Project Description(s): A PLAN APPROVAL TO PERMIT THE CONSTRUCTION, USE AND MAINTENANCE OF A THREE LEVELS OF SUBTERRANEAN PARKING ACCOMMODATING 517 CARS.

A PLAN APPROVAL TO PERMIT THE CONSTRUCTION, USE AND MAINTENANCE OF A THREE LEVELS OF SUBTERRANEAN PARKING ACCOMMODATING 517 CARS.

Case Number: ZA-1978-413
Required Action(s): Data Not Available
Project Description(s): A PLAN APPROVAL TO PERMIT THE CONSTRUCTION, USE AND MAINTENANCE OF A THREE LEVELS OF SUBTERRANEAN PARKING ACCOMMODATING 517 CARS.

A PLAN APPROVAL TO PERMIT THE CONSTRUCTION, USE AND MAINTENANCE OF A THREE LEVELS OF SUBTERRANEAN PARKING ACCOMMODATING 517 CARS.

Case Number: ENV-2003-2670
Required Action(s): Data Not Available
Project Description(s): ZONE VARIANCE TO PERMIT STORAGE AND PARKING IN THE MR1-1-G AND M2-1-G ZONES IN LIEU OF RECREATION USES AS RECREATION USES AS REQUIRED BY ZV78-413 (CONDITION NO. 13); AND TO PERMIT STORAGE AND AND PARKING IN MR1-1-G ZONE WITHOUT ENCLOSING FENCES.

Case Number: EIR-77-421-ZV
Required Action(s): ZV-ZONE VARIANCE
Project Description(s): Data Not Available

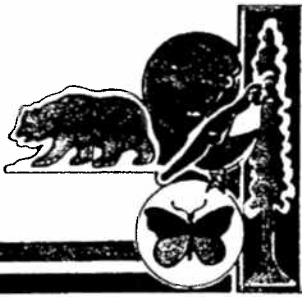
DATA NOT AVAILABLE

CPC-877
ORD-165141-SA3180
ORD-165141-SA3170
ORD-134789
ZV-1982-156
ZA-21059
ZA-16319

9227 Tujunga Ave, Valley Reclamation Co.

85. Certificate of Status, Domestic Corporation for Valley Reclamation Company, April 26, 1955
86. Site Parcel Map, March 6, 1965
87. Articles of Incorporation of Rockland Reclamation Company May 2, 1972
88. By-Laws for Valley Reclamation Company, June 1, 1972
89. Lease between Conrock and Valley Reclamation, Bradley Landfill, December 1, 1972
90. Trust Agreement between Conrock and Security Pacific National Bank, Established Trust for Bradley Landfill Site, June 22, 1979
91. Statement of Domestic Stock Corporation for Valley Reclamation Company
92. News Release, Calmat Company to Sell all Outstanding Stock of Valley Reclamation Company, December 29, 1986
93. Management Agreement between Cal Mat and Valley Reclamation Company, Establishes Cal Mat as Site Manager and David Pearre as Trustee, December 31, 1986
94. Stock Purchase Agreement between Calmat and David Pearre, December 31, 1986
95. Stock Purchase Agreement between Waste Management of North America Incorporated and Valley Reclamation Company, December 31, 1986
96. Operating License Agreement between Cal Mat and Valley Reclamation Company, December 31, 1986
97. Memorandum of Purchase between Cal Mat and Valley Reclamation Company, December 31, 1986
98. Agreement of Purchase and Sale of Parcel 1 and Joint Escrow Instructions Cal Mat and Valley Reclamation Company, December 31, 1986
99. Agreement of Purchase and Sale of Parcel 2 and Joint Escrow Instructions Cal Mat and Valley Reclamation Company, December 31, 1986
100. Agreement of Purchase and Sale of Parcel 3 and Joint Escrow Instructions Cal Mat and Valley Reclamation Company and Corporation Grant Deed, December 31, 1986

101. Transfer of Valley Reclamation Stock from Trustee (David Pearre) to Waste Management of North America, Incorporated, Effective January 31, 1987
102. Assignment of Lease from Cal Mat to R.E. Accommodation Company, December, 1987
103. CalMat Sale of Valley Reclamation Landfill to Valley Reclamation Co., Various sale-related documents, Memo dated January 5, 1987, Sale recorded December 31, 1987
104. Letter Regarding Change in Ownership between Cal Mat/Valley Reclamation, January 15, 1988



State of California

OFFICE OF THE SECRETARY OF STATE
CERTIFICATE OF STATUS
DOMESTIC CORPORATION

I, MARCH FONG EU, *Secretary of State of the State of California*, hereby certify:

That on the 26th day of April, 19 55,

VALLEY RECLAMATION CO.

became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.



IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal
of the State of California this
5th day of January, 1987

March Fong Eu

Secretary of State

FRANCHISE TAX BOARD

Sacramento, California 95857-0026

In Reply Refer To : BR: 11: MJB

Date : JANUARY 6, 1987

PANASEL INCORPORATED

1150 K Street, #LL60

P. O. Box 815

Sacramento, Calif. 95814

Corporation : VALLEY RECLAMATION CO.
Corporation Number : 0302130

- ☒ 1. The corporation is in good standing, has no known unpaid tax liability and is entitled to transact business in California. Returns remain subject to audit.
- ☐ 2. The corporation is in good standing and entitled to transact business in California. Returns remain subject to audit.
- ☐ 3. The corporation is not qualified to transact business in California. There is no known unpaid tax liability. Returns remain subject to audit.
- ☐ 4. The corporation is not qualified to transact business in California. Returns remain subject to audit.
- ☐ 5. The corporation has made necessary prepayment with incorporation or qualification on _____.
- ☐ 6. The corporation has an unpaid liability of \$ _____ for income year(s) ended _____.
- ☐ 7. Our records do not show receipt of the franchise tax return(s) for the income year(s) ended _____.
- ☐ 8. The corporation was _____ effective _____.
- ☐ 9. The corporation's current address on record is:

- ☐ 10. The corporation is in the process of being reinstated to good standing.
- ☐ 11. We have no current information on the above corporation.

Telephone (916) 369-3787

Marion J. Boone
REPRESENTATIVE



State of California

OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

1907



March Fong Eu

Secretary of State

302130

ARTICLES OF INCORPORATION

OF

ROCKLAND RECLAMATION CO.

-ooOoo-

FILED

In the Office of the Secretary of State
State of California

APR 26 1955

FRANK M. JOHAN, Secretary of State

[Signature]

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California, and for that purpose do hereby adopt Articles of Incorporation as follows:

ARTICLE I

The name of this corporation is

ROCKLAND RECLAMATION CO.

ARTICLE II

The principal office for the transaction of business of the corporation is to be located in the County of Los Angeles, State of California.

ARTICLE III

The specific business in which this corporation proposes primarily and initially to engage is the filling, beautifying, and otherwise reclaiming of gravel, limestone, and other pits and excavations of every kind.

The general purposes for which this corporation is formed are as follows:

(a) To acquire by purchase, subscription, or otherwise, and receive, hold, own, sell, exchange, pledge, mortgage, or otherwise dispose of or deal in all kinds of stock, bonds, mortgages, debentures, trust receipts, certificates of beneficial interest, notes and other securities, obligations, contracts, choses in action, and evidences of indebtedness generally of any corporations, associations, firms, trusts, persons, governments, states, colonies, municipalities and other organizations; to receive, collect and dispose of interest, dividends and income upon, of, and from any of the foregoing and any other property held or owned by it; to exercise any and all rights, powers, and privileges of individual ownership, or interest in respect of any and all such stocks or other securities or obligations, including the right to execute consents and vote thereon for any and all purposes, and to do any and all acts and things for the preservation, protection, improvement, and enhancement in value thereof and to guarantee the same or become surety in respect thereto and to aid by loan, subsidy, guaranty or otherwise those issuing, creating, or responsible for the same and to exercise any and all said powers, either on its own account or with or as agent for other persons, firms, corporations, or other organizations; and in connection with or in furtherance of any of the business of the corporation, to guarantee

or become surety on the obligations, securities, or contracts of any other person, firm or corporation.

(b) To promote, organize, aid, or assist, financially or otherwise, persons, firms, associations, corporations, or syndicates engaged or to engage in any business whatsoever, to the extent now or hereafter permitted by the laws of the State of California; and to a like extent to assume, guarantee or underwrite their securities, or principal, interest, dividends, or sinking fund obligations in respect thereof or the performance of all or any of their other obligations.

(c) To organize or cause to be organized, under the laws of any state, district, territory, province, or government, corporations or associations for the purpose of accomplishing any or all of the objects for which this corporation is organized, and to dissolve, wind up and liquidate, merge or consolidate any such corporations or associations, or to cause the same to be dissolved, wound up, liquidated, merged, or consolidated.

(d) To apply for, obtain, purchase, lease, take licenses in respect of, or otherwise acquire and to hold, own, use, operate, enjoy, turn to account, grant licenses in respect of, manufacture under, introduce, sell, assign, mortgage, pledge or otherwise hypothecate or dispose of:

1. Any and all inventions, devices, processes and improvements and modifications thereof;

2. Any and all letters patent of the United States or of any other country, state, territory or government and all rights connected therewith or appertaining thereto;

3. Any and all copyrights, granted by the United States or any other country, state, territory, or government;

4. Any and all trademarks, trade names, trade symbols, and other indications of origin and ownership whether or not granted by or recognized under the laws of the United States or of any other country, state, territory, or government.

(e) To take, purchase, contract for, or otherwise acquire, own, use, hold, manage, work, improve, cultivate, develop, farm, subdivide, to invest, trade, and deal in and with, sell, convey, exchange, lease, mortgage or otherwise hypothecate or dispose of real estate, real property, improvements thereon and any interest, estate or right therein and to erect, construct, rebuild, alter, improve and maintain buildings, structures, and improvements of every kind, character, and description thereon.

(f) To enter into contracts of all kinds with any person, firm or corporation, public or private, and to purchase, lease, or otherwise acquire any and all rights, privileges, franchises, concessions, patents, and inventions.

(g) To borrow money and to issue bonds, debentures, or obligations, secured or unsecured, of the corporation from time to time, for moneys borrowed or in payment for property purchased or otherwise, in connection with any operations of this corporation; to secure any of the same by mortgage or mortgages upon or by deed or deeds of trust or pledges of any or all property, real or personal, of the corporation, wherever situated, acquired or to be acquired and to sell or otherwise dispose of any or all such bonds, debentures, and obligations in such manner and upon such terms as may be deemed judicious by the Board of Directors.

(h) To lend money and negotiate loans and generally to carry on, conduct, promote, operate, and undertake any business, undertaking, transaction, or operation commonly carried on, conducted, promoted, operated or undertaken by capitalists, financiers, contractors and builders, insurance brokers and agents, loan brokers and agents, real estate agents, brokers, dealers, subdividers and promoters, and securities brokers and agents.

(i) To acquire and pay for in cash, stocks or bonds of this corporation, or otherwise, the goodwill, rights, assets, and property and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association, or corporation; to hold or in any manner dispose of or hypothecate the

whole or any part of the property so acquired; to conduct in any lawful manner the whole or part of the business so acquired and to exercise all the powers necessary or convenient in and about the conduct, management, or disposition of such business.

(j) To sell, lease, assign, transfer, or convey the business, franchises, goodwill, and property of the corporation as a whole or in parts thereof and to receive in exchange therefor shares of stock, bonds, debentures, or other evidences of ownership or indebtedness issued by any corporation, association, or individual and upon dissolution or otherwise to distribute such securities and any others which it may then own, among its stockholders as their interests may appear without the necessity of the liquidation thereof.

(k) To purchase, hold, sell, transfer, pledge, hypothecate, and reissue the shares of its own capital stock as far as it may lawfully do so.

(l) To act as financial, commercial, or general agent, factor, or representative, under power of attorney, or otherwise, of individuals, partnerships, trustees, firms, associations, joint stock companies, corporations or syndicates, and as such to develop and extend their business and to aid in any of their lawful enterprises in so far as a corporation organized under the laws of the State of California may lawfully do so.

(m) To participate in syndicates of all kinds, and to make and carry out contracts of underwriting

of the securities of any corporation, association, partnership, firm, trustee, syndicate, individual, government, state, municipality or other political or governmental division or subdivision, domestic or foreign, or of any combination, organization, or entity, domestic or foreign, and to act as manager of any underwriting or purchasing or selling syndicate.

(n) To carry on any other lawful business whatsoever which the corporation may deem proper or convenient or capable of being carried on in connection with the foregoing, or otherwise, or which may be calculated, directly or indirectly, to promote the interests of the corporation or to enhance the value of its property and to have, enjoy, and exercise all the rights, powers, and privileges which are now or which may hereafter be conferred upon corporations by the laws of the State of California, including the right to enter into partnerships and to do any and all of the things hereinbefore set forth as principal and agent to the same extent as natural persons might or could do, and in any part of the world.

(o) To buy, exchange, contract for, lease, and in any and all other ways acquire, take, hold, and own, and to deal in, sell, mortgage, lease or otherwise dispose of lands, mining claims, mineral rights, oil wells, gas wells, oil lands, gas lands and other real property, and rights and interest in and to real property, and to manage, operate, maintain, improve, and develop the said properties and each and all of them.

(p) To buy, exchange, construct, contract for, lease, and in any and all other ways acquire, take, hold and own refineries for the treatment of petroleum and other mineral oils and gases, the tanks and other facilities for the storage thereof, and the manufacturing plants, works and appurtenances for the production, distribution and sale of petroleum, oil, gas and of any and all refinements and by-products thereof; to prospect for oil; to drill oil wells and to develop the same; to refine crude oil; to improve, maintain, operate and develop, and to sell, mortgage, lease or otherwise dispose of the said properties, and to sell or otherwise dispose of such petroleum, oil and all refinements and by-products thereof.

(q) To enter into, maintain, operate or carry on in all its branches the business of mining and of drilling, boring, and exploring for, producing, refining, treating, distilling, manufacturing, handling and dealing in, buying and selling petroleum, oil, natural gas, asphaltum, bitumen, bituminous rock, and any and all other mineral and hydrocarbon substances, and any and all products or by-products which may be derived from said substances or either of them; and for such or any of such purposes to buy, exchange, contract for, lease and in any and all other ways acquire, take, hold and own, and to sell, mortgage, lease and otherwise dispose of, and to construct, manage, maintain, deal in and operate mines, refineries, tanks, machinery, wharves, steam and other vessels or watercraft

of every kind, character and description, and otherwise to deal in, operate, establish, promote, carry on, conduct and manage any and all other property and appliances that may in anywise be deemed advisable in connection with the business of the corporation or any branch thereof, or that may be deemed convenient at any time by the board of directors of the corporation.

(r) To buy, exchange, construct, contract for, lease, and in any and all other ways acquire, take, hold and own pipe lines and telegraph and telephone lines useful or necessary, in the judgment of the officers of this corporation, for its own business, and to improve, maintain and operate the same, and to sell, mortgage, lease or otherwise dispose of the same.

(s) To manufacture, buy, sell and otherwise deal in gas and oil machinery and appliances, also lumber, stone, brick, steel, iron and other materials in connection with the building, erection, construction, development, improvement, extension, maintenance and repair of the properties herein enumerated, both for this corporation and for others.

The foregoing clauses shall each be construed as purposes, objects and powers, and the matters expressed in each clause shall, except as otherwise expressly provided, be in nowise limited by reference to, or inference from the terms of any other clause, but shall be regarded as

independent purposes, objects and powers, and the enumerations of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of the general powers of the corporation, nor shall the expression of one thing be deemed to exclude another, although it be of like nature, not expressed.

ARTICLE IV

This corporation is authorized to issue one class of shares of stock. The total number of such shares shall be two hundred and fifty (250) shares of common stock; the aggregate par value of said shares shall be Twenty-five Thousand Dollars (\$25,000.00) and the par value of each of such shares shall be One Hundred Dollars (\$100.00).

ARTICLE V

The Board of Directors of this corporation shall be three (3) in number, and the names and addresses of the persons appointed to act as the first directors are as follows:

Grover R. Eayler
1947 Selby Avenue
Los Angeles 25, California

Charles E. Horing, Jr.
570 Veteran Avenue
Los Angeles 24, California

Richard F. Allen
260 South Maple Drive
Beverly Hills, California

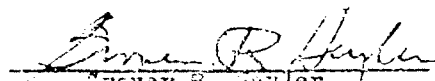
The number of persons so named as directors shall constitute the Board of Directors until changed by an amendment to these Articles of Incorporation, or by an amendment to the


By-laws of this corporation. Authority is hereby given for the adoption of a provision in the By-Laws concerning the number of directors of the corporation and changes therein.

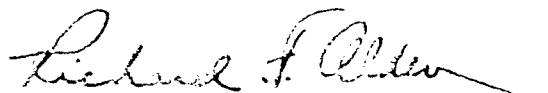
ARTICLE VI

Except as otherwise provided by law, these Articles of Incorporation may be amended upon the adoption of a resolution providing for such amendment by a majority vote of the Board of Directors and the approval thereof either before or after the adoption of the resolution by the Board of Directors, by the vote or written consent of shareholders holding at least a majority of the voting power.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of California, we, the undersigned, constituting the incorporators of this corporation, including the persons named hereinabove as the first directors of this corporation, have executed these Articles of Incorporation this 22nd day of April, 1955.


Grover R. Heyler


Charles E. Horning, Jr.


Richard F. Alden

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES } 53

On this 22 day of April, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Grover R. Heyler, Charles E. Horning, Jr. and Richard F. Alden, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

William S. Fitz
Notary Public in and for said
County and State

My commission expires: April 22, 1958

(NOTARIAL SEAL)

A121304
FILED

In the office of the Secretary of State
of the State of California

CERTIFICATE OF AMENDMENT

MAY 5 1972

OF

EDWARD A. BROWN Jr. Secretary of State

ARTICLES OF INCORPORATION

Deputy

ZOE P. CARVIN and ELSIE MAHONEY certify:

1. That they constitute at least two-thirds of the authorized number of directors of ROCKLAND RECLAMATION CO., a California corporation.

2. That at a meeting of the board of directors of said corporation, duly held at Los Angeles, California, on April 21, 1972, the following resolution was adopted by at least two-thirds of the authorized number of directors:

"RESOLVED: that Article I of the Articles of Incorporation of this corporation be amended to read as follows:

"The name of the corporation is VALLEY RECLAMATION CO."

3. That no shares have been issued and there are no share subscriptions outstanding.

Zoe P. Carvin
Zoe P. Carvin, Director

Elsie Mahoney
Elsie Mahoney, Director

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Los Angeles, California on May 2, 1972.

Zoe P. Carvin
Zoe P. Carvin

Elsie Mahoney
Elsie Mahoney

file

CalMat Co

3200 SAN FERNANDO ROAD/P.O. BOX 2950/LOS ANGELES, CALIFORNIA 90051/(213) 258-2777



January 6, 1987

Mr. Tom DeMay
Waste Management, Inc.
3003 Butterfield Road
Oak Brook, Illinois 60521

Re: Hart-Scott-Rodino Notification
Valley Reclamation Charitable Trust

Dear Mr. DeMay:

At the request of Mike Sennett of Bell, Boyd and Lloyd, I am enclosing five (5) duplicate originals of the above-referenced notification form for execution by David A. Pearre, trustee. I understand Mr. Pearre will be visiting your offices on January 7. Please note that each form must be signed on page 15, and for each form the accompanying affidavit must also be signed. Also, all ten signatures must be notarized.

After execution by Mr. Pearre, the enclosed should be expressed to the Washington offices of Bell, Boyd and Lloyd, who will file the form with the Justice Department and Federal Trade Commission.

Exhibit "C", Pro Forma Balance Sheet of Valley Reclamation Co., is included herewith in duplicate. Exhibit "A", the Letter of Intent and Exhibit "B" the Index of Ancillary Documents, should be added by Bell, Boyd and Lloyd before the form is filed.

Mike Sennett has received the copy of this form and this letter. Please refer any questions regarding the above to him or to me.

Very truly yours,

Brian W. Ferris
Division Counsel

Enclosures
cc: Mike Sennett

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

AFFIDAVIT PURSUANT TO 16CFR §803.5(b)

David A. Pearre, being duly sworn deposes and says:

1. I am the trustee of Valley Reclamation Charitable Trust and am authorized to file this affidavit on its behalf;

2. A contract between Valley Reclamation Charitable Trust and Waste Management, Inc., pursuant to which Waste Management, Inc. will acquire the stock of Valley Reclamation (a copy of which is filed herewith as Exhibit "A") has been executed;

3. Valley Reclamation Charitable Trust has the good faith intention to complete the transaction for which this filing is made;

4. Rule §801.30 does not apply to this transaction.

David A. Pearre

Subscribed and sworn to before me this _____ day of _____, 19__.

Notary Public

NOTIFICATION AND REPORT FORM FOR CERTAIN MERGERS AND ACQUISITIONS

Approved by OMB
3084-0005
Expires 9-30-88

THE INFORMATION REQUIRED TO BE SUPPLIED ON THESE ANSWER SHEETS IS SPECIFIED IN THE INSTRUCTIONS

Attach the Affidavit required by § 803.5 to this page.

FOR OFFICE USE ONLY
TRANSACTION NUMBER

Is this Acquisition a CASH TENDER OFFER?

☐ YES☒ NO☐ CTO☐ ETR

Do you request Early Termination of the Waiting Period?

☒ YES☐ NO

(Grants of early termination are published in the Federal Register.)

ITEM 1

(a) NAME AND HEADQUARTERS ADDRESS OF PERSON FILING NOTIFICATION (ultimate parent entity)

Valley Reclamation Charitable Trust, 3200 San Fernando Road, Los Angeles
California 90065

(b) PERSON FILING NOTIFICATION IS

☐ an acquiring person☒ an acquired person☐ both

(c) LIST NAMES OF ULTIMATE PARENT ENTITIES OF ALL ACQUIRING PERSONS

LIST NAMES OF ULTIMATE PARENT ENTITIES OF ALL ACQUIRED PERSONS

Waste Management, Inc. ("WMI")

Valley Reclamation Charitable Trust
("Valley Trust")

(d) THIS ACQUISITION IS (put an X in all the boxes that apply)

☐ an acquisition of assets☐ a consolidation (see § 801.2)☐ a merger (see § 801.2)☒ an acquisition of voting securities☐ an acquisition subject to § 801.2(e)☐ a secondary acquisition☐ formation of a joint venture or other corporation (see § 801.40)☐ an acquisition subject to § 801.31☐ an acquisition subject to § 801.30 (specify type):

other (specify):

INDICATE HIGHEST NOTIFICATION THRESHOLD IN § 801.1(h) FOR WHICH THIS FORM IS BEING FILED (acquiring person only)

N/A

☐ \$ 15 million☐ 15%☐ 25%☐ 50%

(f) VALUE OF VOTING SECURITIES

\$48,400,000

VALUE OF ASSETS

N/A

(g) PUT AN X IN THE APPROPRIATE BOX TO DESCRIBE ENTITY FILING NOTIFICATION

☐ corporation☐ partnership☒ other (specify) Charitable Trust

(h) DATA FURNISHED BY

☒ calendar year☐ fiscal year (specify period): _____ (month/day) to _____ (month/day)

(i) PUT AN X IN THE APPROPRIATE BOX AND GIVE THE NAME AND ADDRESS OF THE ENTITY FILING NOTIFICATION (if other than ultimate parent entity)

☒ X KNA☐ This report is being filed on behalf of a foreign person pursuant to § 803.4.☐ This report is being filed on behalf of the ultimate parent entity by another entity within the same person authorized by it to file pursuant to § 803.2(a).

NAME OF ENTITY FILING NOTIFICATION

ADDRESS

THIS FORM IS REQUIRED BY LAW and must be filed separately by each person which, by reason of a merger, consolidation or acquisition, is subject to § 7A of the Clayton Act, 15 U.S.C. § 18a, as added by Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, Pub. L. No. 94-435, 90 Stat. 1390, and rules promulgated thereunder (hereinafter referred to as "the rules" or by section number). The statute and rules are set forth in the *Federal Register* at 43 FR 33450; the rules may also be found at 16 CFR Parts 801-03. Failure to file this Notification and Report Form, and to observe the required waiting period before consummating the acquisition, in accordance with the applicable provisions of 15 U.S.C. § 18a and the rules, subjects any "person," as defined in the rules, or any individuals responsible for noncompliance, to liability for a penalty of not more than \$10,000 for each day during which such person is in violation of 15 U.S.C. § 18a.

All information and documentary material filed in or with this Form is confidential. It is exempt from disclosure under the Freedom of Information Act, and may be made public only in an administrative or judicial proceeding, or disclosed to Congress or to a duly authorized committee or subcommittee of Congress.

Complete and return two notarized copies (with one set of documentary attachments) of this Notification and Report Form to Premerger Notification Office, Bureau of Competition, Room 303, Federal Trade Commission, Washington, D.C. 20580, and three notarized copies (with one set of documentary attachments) to Director of Operations, Antitrust Division, Room 3218, Department of Justice, Washington, D.C. 20530. The central office for information and assistance with respect to matters in connection with this Notification and Report Form is Room 301, Federal Trade Commission, Washington, D.C. 20580, phone (202) 523-3894.

NAME OF PERSON FILING NOTIFICATION

Valley Reclamation Charitable Trust

DATE

1/6/87

(j) NAME AND ADDRESS OF ENTITY MAKING ACQUISITION OR WHOSE ASSETS OR VOTING SECURITIES ARE BEING ACQUIRED IF DIFFERENT FROM THE ULT
PARENT ENTITY IDENTIFIED IN ITEM 1(a)

See attached sheet.

PERCENT OF VOTING SECURITIES HELD BY ENTITY IDENTIFIED IN ITEM 1(a)

See attached sheet.

ITEM 2

2(a) DESCRIPTION OF ACQUISITION

See attached sheet.

(b) SCHEDULED DATE OF CONSUMMATION

See attached sheet.

(c) MANNER IN WHICH THE ACQUISITION IS TO BE CARRIED OUT

See attached sheet.

Item 1(j)

Either Waste Management of North America, Inc. ("WMNA") (a wholly-owned subsidiary of WMI) or a newly formed wholly-owned subsidiary of WMNA will acquire 100 percent of the voting securities of Valley Reclamation Co. ("VRC") from the Valley Trust. WMNA's address is 3003 Butterfield Road, Oak Brook, Illinois 60521, and VRC's address is 3200 San Fernando Road, Los Angeles, California 90065.

Item 2(a)

<u>Acquiring Person</u>	<u>Acquired Person</u>
Waste Management, Inc. Waste Management of North America, Inc. 3003 Butterfield Road Oak Brook, Illinois 60521	Valley Reclamation Charitable Trust Valley Reclamation Co. 3200 San Fernando Road Los Angeles, California 90065

Either WMNA or a wholly-owned subsidiary of WMNA will acquire 100 percent of the voting securities of VRC in exchange for \$48,400,000. The acquisition is subject to fulfillment of the terms and conditions contained in the letter of intent dated December 27, 1986 (submitted herewith as Attachment "A"), including termination or expiration of the applicable waiting periods under Hart-Scott-Rodino and Section XII of the Final Judgment, as amended, entered in United States v. Waste Management, Inc., et al., Civil No. 34-2832 (D.D.C.). The Valley Trust was created on December 30, 1986 pursuant to the terms of the trust instrument referenced in Item 2(f)(ii) and the contribution to the Valley Trust of \$10,000 by the Settlor, CalMat Co. ("CMC"). On December 31, 1986, the Valley Trust will acquire 100 percent of the voting securities of VRC from CMC pursuant to the terms of a stock purchase agreement referenced in Item 2(f)(ii). The Valley Trust is an irrevocable trust in which the Settlor, CMC, retains no reversionary interest.

Pursuant to the terms of the trust instrument, the Valley Trust will enjoy the indicia of beneficial ownership of the stock of VRC and the Valley Trust (and the charity to which the corpus of the Valley Trust is directed) bears the risk of loss, if any, in the event the conditions to the fulfillment of the acquisition do not occur. There are certain conditions subsequent including a provision by which the voting securities of VRC would be returned to CMC in the event the acquisition is not consummated because of antitrust considerations. In the event that the acquisition is consummated, CMC and WMNA will effect a sale or exchange of real

Valley Reclamation Charitable Trust

January 6, 1987

estates, the fair market value of which is no more than \$12,900,000, pursuant to the terms of an agreement referred to in Item No. 2(f)(ii).

Item 2(b)

Upon expiration or termination of the applicable waiting periods.

Item 2(c)

See above.

9
300'

TRACT NO. 10646
M.B. 174-34-35

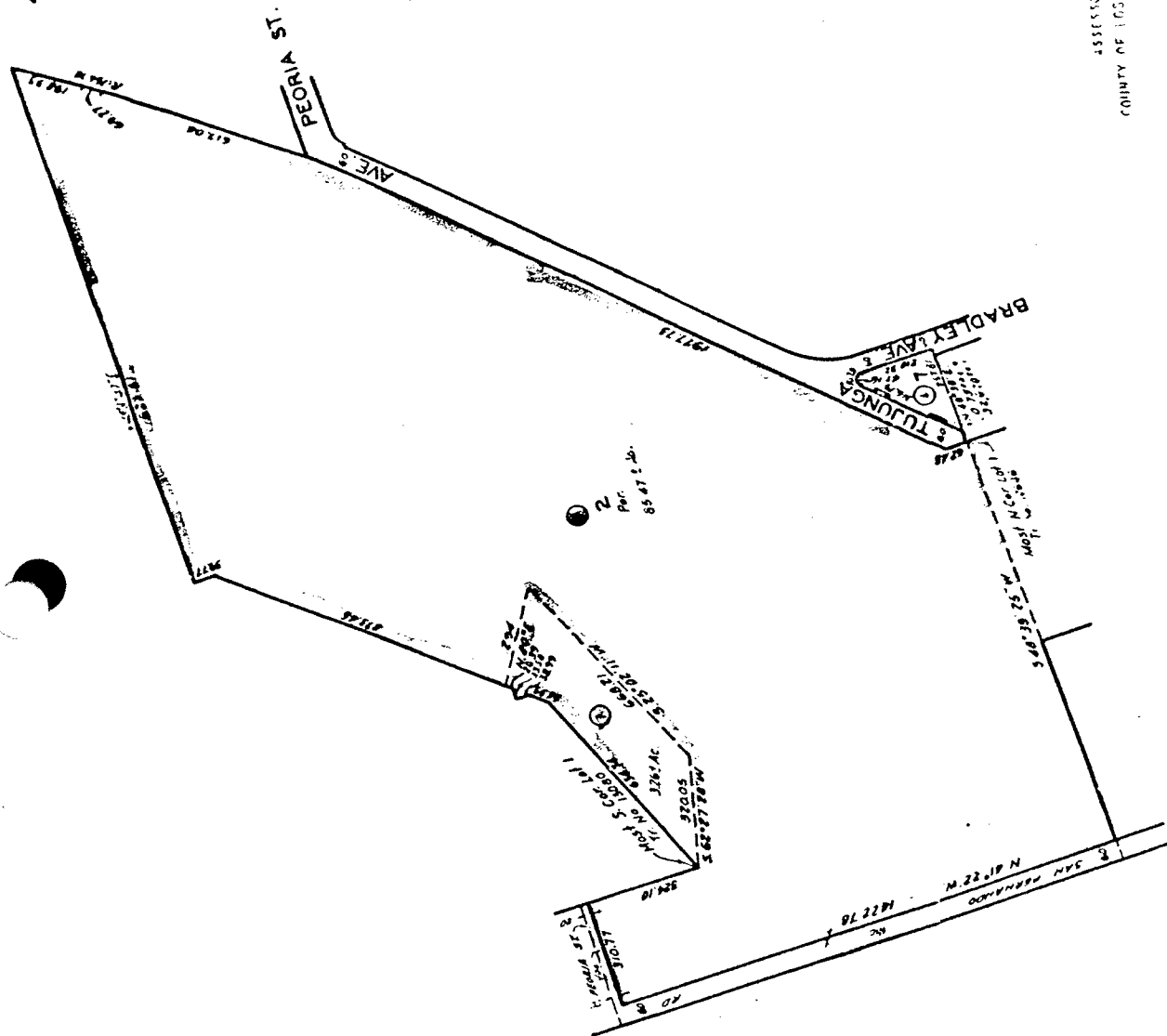
TRACT NO. 9329
M.B. 179-9-10

CODE
13

OR PREV ASSMT SEE 681-216 & 218

9-17-64
8781/15207-87

ASSESSOR'S
COUNTY OF LOS AN



ARTICLES OF INCORPORATION
OF
ROCKLAND RECLAMATION CO.

-00000-

**ENDORSED
FILED**

In the Office of the Secretary of State
of the State of California

APR 24, 1951

FRANK M. JORDAN, Secretary of State
By CHAS. J. HAGERTY
Assistant Secretary of State

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California, and for that purpose do hereby adopt Articles of Incorporation as follows:

ARTICLE I

The name of this corporation is
ROCKLAND RECLAMATION CO.

ARTICLE II

The principal office for the transaction of business of the corporation is to be located in the County of Los Angeles, State of California.

ARTICLE III

The specific business in which this corporation proposes primarily and initially to engage is the filling, beautifying, and otherwise reclaiming of gravel, limestone, and other pits and excavations of every kind.

The general purposes for which this corporation is formed are as follows:

(a) To acquire by purchase, subscription, or otherwise, and receive, hold, own, sell, exchange, pledge, mortgage, or otherwise dispose of or deal in all kinds of stock, bonds, mortgages, debentures, trust receipts, certificates of beneficial interest, notes and other securities, obligations, contracts, choses in action, and evidences of indebtedness generally of any corporations, associations, firms, trusts, persons, governments, states, colonies, municipalities and other organizations; to receive, collect and dispose of interest dividends and income upon, of, and from any of the foregoing and any other property held or owned by it; to exercise any and all rights, powers, and privileges of individual ownership, or interest in respect of any and all such stocks or other securities or obligations, including the right to execute consents and vote thereon for any and all purposes, and to do any and all acts and things for the preservation, protection, improvement, and enhancement in value thereof and to guarantee the same or become surety in respect thereto and to aid by loan, subsidy, guaranty or otherwise those issuing, creating, or responsible for the same and to exercise any and all said powers, either on its own account or with or as agent for other persons, firms, corporations, or other organizations; and in connection with or in furtherance of any of the business of the corporation, to guarantee

or become surety on the obligations, securities, or contracts of any other person, firm or corporation.

(b) To promote, organize, aid, or assist, financially or otherwise, persons, firms, associations, corporations, or syndicates engaged or to engage in any business whatsoever, to the extent now or hereafter permitted by the laws of the State of California; and to a like extent to assume, guarantee or underwrite their securities, or principal, interest, dividends, or sinking fund obligations in respect thereof or the performance of all or any of their other obligations.

(c) To organize or cause to be organized, under the laws of any state, district, territory, province, or government, corporations or associations for the purpose of accomplishing any or all of the objects for which this corporation is organized, and to dissolve, wind up and liquidate, merge or consolidate any such corporations or associations, or to cause the same to be dissolved, wound up, liquidated, merged, or consolidated.

(d) To apply for, obtain, purchase, lease, take licenses in respect of, or otherwise acquire and to hold, own, use, operate, enjoy, turn to account, grant licenses in respect of, manufacture under, introduce, sell, assign, mortgage, pledge or otherwise hypothecate or dispose of:

1. Any and all inventions, devices, processes and improvements and modifications thereof;

2. Any and all letters patent of the United States or of any other country, state, territory or government and all rights connected therewith or appertaining thereto;

3. Any and all copyrights, granted by the United States or any other country, state, territory, or government;

4. Any and all trademarks, trade names, trade symbols, and other indications of origin and ownership whether or not granted by or recognized under the laws of the United States or of any other country, state, territory, or government.

(e) To take, purchase, contract for, or otherwise acquire, own, use, hold, manage, work, improve, cultivate, develop, farm, subdivide, to invest, trade, and deal in and with, sell, convey, exchange, lease, mortgage or otherwise hypothecate or dispose of real estate, real property, improvements thereon and any interest, estate or right therein and to erect, construct, rebuild, alter, improve and maintain buildings, structures, and improvements of every kind, character, and description thereon.

(f) To enter into contracts of all kinds with any person, firm or corporation, public or private, and to purchase, lease, or otherwise acquire any and all rights, privileges, franchises, concessions, patents, and inventions.

(g) To borrow money and to issue bonds, debentures, or obligations, secured or unsecured, of the corporation from time to time, for moneys borrowed or in payment for property purchased or otherwise, in connection with any operations of this corporation; to secure any of the same by mortgage or mortgages upon or by deed or deeds of trust or pledges of any or all property, real or personal, of the corporation, wherever situated, acquired or to be acquired and to sell or otherwise dispose of any or all such bonds, debentures, and obligations in such manner and upon such terms as may be deemed judicious by the Board of Directors.

(h) To lend money and negotiate loans and generally to carry on, conduct, promote, operate, and undertake any business, undertaking, transaction, or operation commonly carried on, conducted, promoted, operated or undertaken by capitalists, financiers, contractors and builders, insurance brokers and agents, loan brokers and agents, real estate agents, brokers, dealers, subdividers and promoters, and securities brokers and agents.

(i) To acquire and pay for in cash, stocks or bonds of this corporation, or otherwise, the goodwill, rights, assets, and property and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association, or corporation; to hold or in any manner dispose of or hypothecate the

whole or any part of the property so acquired; to conduct in any lawful manner the whole or any part of the business so acquired and to exercise all the powers necessary or convenient in and about the conduct, management, or disposition of such business.

(j) To sell, lease, assign, transfer, or convey the business, franchises, goodwill, and property of the corporation as a whole or in parts thereof and to receive in exchange therefor shares of stock, bonds, debentures, or other evidences of ownership or indebtedness issued by any corporation, association, or individual and upon dissolution or otherwise to distribute such securities and any others which it may then own, among its stockholders as their interests may appear without the necessity of the liquidation thereof.

(k) To purchase, hold, sell, transfer, pledge, hypothecate, and redeem the shares of its own capital stock as far as it may lawfully do so.

(l) To act as financial, commercial, or general agent, factor, or representative, under power of attorney, or otherwise, of individuals, partnerships, trustees, firms, associations, joint stock companies, corporations or syndicates, and as such to develop and extend their business and to aid in any of their lawful enterprises in so far as a corporation organized under the laws of the State of California may lawfully do so.

(m) To participate in syndicates of all kinds, and to make and carry out contracts of underwriting

of the securities of any corporation, association, partnership, firm, trustee, syndicate, individual, government, state, municipality or other political or governmental division or subdivision, domestic or foreign, or of any combination, organization, or entity, domestic or foreign, and to act as manager of any underwriting or purchasing or selling syndicate.

(n) To carry on any other lawful business whatsoever which the corporation may deem proper or convenient or capable of being carried on in connection with the foregoing, or otherwise, or which may be calculated, directly or indirectly, to promote the interests of the corporation or to enhance the value of its property and to have, enjoy, and exercise all the rights, powers, and privileges which are now or which may hereafter be conferred upon corporations by the laws of the State of California, including the right to enter into partnerships and to do any and all of the things hereinbefore set forth as principal and agent to the same extent as natural persons might or could do, and in any part of the world.

(o) To buy, exchange, contract for, lease, and in any and all other ways acquire, take, hold, and own, and to deal in, sell, mortgage, lease or otherwise dispose of lands, mining claims, mineral rights, oil wells, gas wells, oil lands, gas lands and other real property, and rights and interest in and to real property, and to manage, operate, maintain, improve, and develop the said properties and each and all of them.

(p) To buy, exchange, construct, contract for, lease, and in any and all other ways acquire, take, hold and own refineries for the treatment of petroleum and other mineral oils and gases, the tanks and other facilities for the storage thereof, and the manufacturing plants, works and appurtenances for the production, distribution and sale of petroleum, oil, gas and of any and all refinements and by-products thereof; to prospect for oil; to drill oil wells and to develop the same; to refine crude oil; to improve, maintain, operate and develop, and to sell, mortgage, lease or otherwise dispose of the said properties, and to sell or otherwise dispose of such petroleum, oil and all refinements and by-products thereof.

(q) To enter into, maintain, operate or carry on in all its branches the business of mining and of drilling, boring, and exploring for, producing, refining, treating, distilling, manufacturing, handling and dealing in, buying and selling petroleum, oil, natural gas, asphaltum, bitumen, bituminous rock, and any and all other mineral and hydrocarbon substances, and any and all products or by-products which may be derived from said substances or either of them; and for such or any of such purposes to buy, exchange, contract for, lease and in any and all other ways acquire, take, hold and own, and to sell, mortgage, lease and otherwise dispose of, and to construct, manage, maintain, deal in and operate mines, refineries, tanks, machinery, wharves, piers and other vessels or watercraft

of every kind, character and description, and otherwise to deal in, operate, establish, promote, carry on, conduct and manage any and all other property and appliances that may in anywise be deemed advisable in connection with the business of the corporation or any branch thereof, or that may be deemed convenient at any time by the board of directors of the corporation.

(r) To buy, exchange, construct, contract for, lease, and in any and all other ways acquire, take, hold and own pipe lines and telegraph and telephone lines useful or necessary, in the judgment of the officers of this corporation, for its own business, and to improve, maintain and operate the same, and to sell, mortgage, lease or otherwise dispose of the

(s) To manufacture, buy, sell and otherwise deal in gas and oil machinery and appliances, also lumber, stone, brick, steel, iron and other materials in connection with the building, erection, construction, development, improvement, extension, maintenance and repair of the properties herein enumerated, both for this corporation and for others.

The foregoing clauses shall each be construed as purposes, objects and powers, and the matters expressed in each clause shall, except as otherwise expressly provided, be in nowise limited by reference to, or inference from the terms of any other clause, but shall be regarded as

independent purposes, objects and powers, and the enumerations of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of the general powers of the corporation, nor shall the expression of one thing be deemed to exclude another, although it be of like nature, not expressed.

ARTICLE IV

This corporation is authorized to issue one class of shares of stock. The total number of such shares shall be two hundred and fifty (250) shares of common stock; the aggregate par value of said shares shall be Twenty-five Thousand Dollars (\$25,000.00) and the par value of each of such shares shall be One Hundred Dollars (\$100.00).

ARTICLE V

The Board of Directors of this corporation shall be three (3) in number, and the names and addresses of the persons appointed to act as the first directors are as follows:

Grover R. Heyler
1917 Selby Avenue
Los Angeles 25, California

Charles E. Morning, Jr.
670 Veteran Avenue
Los Angeles 24, California

Richard F. Allen
260 South Maple Drive
Beverly Hills, California

The number of persons so named as Directors shall constitute the Board of Directors until changed by an amendment to these Articles of Incorporation, or by an amendment to the

By-Laws of this corporation. Authority is hereby given for the adoption of a provision in the By-Laws concerning the number of directors of the corporation and changes therein.

ARTICLE VI

Except as otherwise provided by law, these Articles of Incorporation may be amended upon the adoption of a resolution providing for such amendment by a majority vote of the Board of Directors and the approval thereof either before or after the adoption of the resolution by the Board of Directors, by the vote or written consent of shareholders holding at least a majority of the voting power.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of California, we, the undersigned, constituting the incorporators of this corporation, including the persons named hereinabove as the first directors of this corporation, have executed these Articles of Incorporation this 22nd day of April, 1955.

ROBERT A. REYLER
Robert R. Reyer

CHARLES E. MORNING, JR.
Charles E. Morning, Jr.

RICHARD E. ALDEN
Richard E. Alden

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss

On this 22 day of April, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Grover R. Heyler, Charles E. Horning, Jr. and Richard F. Alden, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

WILLIAM S. FOLTZ
Notary Public in and for said
County and State

My commission expires: April 22, 1958

(NOTARIAL SEAL)

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

MAY 5 1972

EDMUND G. BROWN Jr., Secretary of State

By JAMES E. HARRIS
Deputy

ZOE P. CARVIN and ELSIE MAHONEY certify:

1. That they constitute at least two-thirds of the authorized number of directors of ROCKLAND RECLAMATION CO., a California corporation.
2. That at a meeting of the board of directors of said corporation, duly held at Los Angeles, California, on April 21, 1972, the following resolution was adopted by at least two-thirds of the authorized number of directors:

"RESOLVED: that Article I of the Articles of Incorporation

of this corporation be amended to read as follows:

"The name of the corporation is VALLEY RECLAMATION CO."

3. That no shares have been issued and there are no share subscriptions outstanding.

Zoe P. Carvin
Zoe P. Carvin, Director

Elsie Mahoney
Elsie Mahoney, Director

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Los Angeles, California on May 2 1972.

Zoe P. Carvin
Zoe P. Carvin

Elsie Mahoney
Elsie Mahoney

STATE OF CALIFORNIA



OFFICE OF THE SECRETARY OF STATE

I, EDMUND G. BROWN JR., Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the RECORD on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

MAY 5 1972



Edmund G. Brown Jr.
Secretary of State

ENDORSED
FILED

In the Office of the Secretary of State
of the State of California

April 26, 1955
FRANK M. JORDAN, Secretary of State
By CHAS. J. HAGERTY
Assistant Secretary of State

ARTICLES OF INCORPORATION
OF
ROCKLAND RECLAMATION CO.

-00000-

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California, and for that purpose do hereby adopt Articles of Incorporation as follows:

ARTICLE I

The name of this corporation is
ROCKLAND RECLAMATION CO.

ARTICLE II

The principal office for the transaction of business of the corporation is to be located in the County of Los Angeles, State of California.

ARTICLE III

The specific business in which this corporation proposes primarily and initially to engage is the filling, beautifying, and otherwise reclaiming of gravel, limestone, and other pits and excavations of every kind.

The general purposes for which this corporation is formed are as follows:

(a) To acquire by purchase, subscription, or otherwise, and receive, hold, own, sell, exchange, pledge, mortgage, or otherwise dispose of or deal in all kinds of stock, bonds, mortgages, debentures, trust receipts, certificates of beneficial interest, notes and other securities, obligations, contracts, choses in action, and evidences of indebtedness generally of any corporations, associations, firms, trusts, persons, governments, states, colonies, municipalities and other organizations; to receive, collect and dispose of interest dividends and income upon, of, and from any of the foregoing and any other property held or owned by it; to exercise any and all rights, powers, and privileges of individual ownership, or interest in respect of any and all such stocks or other securities or obligations, including the right to execute consents and vote thereon for any and all purposes, and to do any and all acts and things for the preservation, protection, improvement, and enhancement in value thereof and to guarantee the same or become surety in respect thereto and to aid by loan, subsidy, guaranty or otherwise those issuing, creating, or responsible for the same and to exercise any and all said powers, either on its own account or with or as agent for other persons, firms, corporations, or other organizations; and in connection with or in furtherance of any of the business of the corporation, to guarantee

or become surety on the obligations, securities, or contracts of any other person, firm or corporation.

(b) To promote, organize, aid, or assist, financially or otherwise, persons, firms, associations, corporations, or syndicates engaged or to engage in any business whatsoever, to the extent now or hereafter permitted by the laws of the State of California; and to a like extent to assume, guarantee or underwrite their securities, or principal, interest, dividends, or sinking fund obligations in respect thereof or the performance of all or any of their other obligations.

(c) To organize or cause to be organized, under the laws of any state, district, territory, province, or government, corporations or associations for the purpose of accomplishing any or all of the objects for which this corporation is organized, and to dissolve, wind up and liquidate, merge or consolidate any such corporations or associations, or to cause the same to be dissolved, wound up, liquidated, merged, or consolidated.

(d) To apply for, obtain, purchase, lease, take licenses in respect of, or otherwise acquire and to hold, own, use, operate, enjoy, turn to account, grant licenses in respect of, manufacture under, introduce, sell, assign, mortgage, pledge or otherwise hypothecate or dispose of:

1. Any and all inventions, devices, processes and improvements and modifications thereof;

2. Any and all letters patent of the United States or of any other country, state, territory or government and all rights connected therewith or appertaining thereto;

3. Any and all copyrights, granted by the United States or any other country, state, territory, or government;

4. Any and all trademarks, trade names, trade symbols, and other indications of origin and ownership whether or not granted by or recognized under the laws of the United States or of any other country, state, territory, or government.

(e) To take, purchase, contract for, or otherwise acquire, own, use, hold, manage, work, improve, cultivate, develop, farm, subdivide, to invest, trade, and deal in and with, sell, convey, exchange, lease, mortgage or otherwise hypothecate or dispose of real estate, real property, improvements thereon and any interest, estate or right therein and to erect, construct, rebuild, alter, improve and maintain buildings, structures, and improvements of every kind, character, and description thereon.

(f) To enter into contracts of all kinds with any person, firm or corporation, public or private, and to purchase, lease, or otherwise acquire any and all rights, privileges, franchises, concessions, patents, and inventions.

(g) To borrow money and to issue bonds, debentures, or obligations, secured or unsecured, of the corporation from time to time, for moneys borrowed or in payment for property purchased or otherwise, in connection with any operations of this corporation; to secure any of the same by mortgage or mortgages upon or by deed or deeds of trust or pledges of any or all property, real or personal, of the corporation, wheresoever situated, acquired or to be acquired and to sell or otherwise dispose of any or all such bonds, debentures, and obligations in such manner and upon such terms as may be deemed judicious by the Board of Directors.

(h) To lend money and negotiate loans and generally to carry on, conduct, promote, operate, and undertake any business, undertaking, transaction, or operation commonly carried on, conducted, promoted, operated or undertaken by capitalists, financiers, contractors and builders, insurance brokers and agents, loan brokers and agents, real estate agents, brokers, dealers, subdividers and promoters, and securities brokers and agents.

(i) To acquire and pay for in cash, stocks or bonds of this corporation, or otherwise, the goodwill, rights, assets, and property and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association, or corporation; to hold or in any manner dispose of or hypothecate the

whole or any part of the property so acquired; to conduct in any lawful manner the whole or any part of the business so acquired and to exercise all the powers necessary or convenient in and about the conduct, management, or disposition of such business.

(j) To sell, lease, assign, transfer, or convey the business, franchises, goodwill, and property of the corporation as a whole or in parts thereof and to receive in exchange therefor shares of stock, bonds, debentures, or other evidences of ownership or indebtedness issued by any corporation, association, or individual and upon dissolution or otherwise to distribute such securities and any others which it may then own, among its stockholders as their interests may appear without the necessity of the liquidation thereof.

(k) To purchase, hold, sell, transfer, pledge, hypothecate, and reissue the shares of its own capital stock as far as it may lawfully do so.

(l) To act as financial, commercial, or general agent, factor, or representative, under power of attorney, or otherwise, of individuals, partnerships, trustees, firms, associations, joint stock companies, corporations or syndicates, and as such to develop and extend their business and to aid in any of their lawful enterprises in so far as a corporation organized under the laws of the State of California may lawfully do so.

(m) To participate in syndicates of all kinds, and to make and carry out contracts of underwriting

of the securities of any corporation, association, partnership, firm, trustee, syndicate, individual, government, state, municipality or other political or governmental division or subdivision, domestic or foreign, or of any combination, organization, or entity, domestic or foreign, and to act as manager of any underwriting or purchasing or selling syndicate.

(n) To carry on any other lawful business whatsoever which the corporation may deem proper or convenient or capable of being carried on in connection with the foregoing, or otherwise, or which may be calculated, directly or indirectly, to promote the interests of the corporation or to enhance the value of its property and to have, enjoy, and exercise all the rights, powers, and privileges which are now or which may hereafter be conferred upon corporations by the laws of the State of California, including the right to enter into partnerships and to do any and all of the things hereinbefore set forth as principal and agent to the same extent as natural persons might or could do, and in any part of the world.

(o) To buy, exchange, contract for, lease, and in any and all other ways acquire, take, hold, and own, and to deal in, sell, mortgage, lease or otherwise dispose of lands, mining claims, mineral rights, oil wells, gas wells, oil lands, gas lands and other real property, and rights and interest in and to real property, and to manage, operate, maintain, improve, and develop the said properties and each and all of them.

(p) To buy, exchange, construct, contract for, lease, and in any and all other ways acquire, take, hold and own refineries for the treatment of petroleum and other mineral oils and gases, the tanks and other facilities for the storage thereof, and the manufacturing plants, works and appurtenances for the production, distribution and sale of petroleum, oil, gas and of any and all refinements and by-products thereof; to prospect for oil; to drill oil wells and to develop the same; to refine crude oil; to improve, maintain, operate and develop, and to sell, mortgage, lease or otherwise dispose of the said properties, and to sell or otherwise dispose of such petroleum, oil and all refinements and by-products thereof.

(q) To enter into, maintain, operate or carry on in all its branches the business of mining and of drilling, boring, and exploring for, producing, refining, treating, distilling, manufacturing, handling and dealing in, buying and selling petroleum, oil, natural gas, asphaltum, bitumen, bituminous rock, and any and all other mineral and hydrocarbon substances, and any and all products or by-products which may be derived from said substances or either of them; and for such or any of such purposes to buy, exchange, contract for, lease and in any and all other ways acquire, take, hold and own, and to sell, mortgage, lease and otherwise dispose of, and to construct, manage, maintain, deal in and operate mines, refineries, tanks, machinery, wharves, steam and other vessels or watercraft

of every kind, character and description, and otherwise to deal in, operate, establish, promote, carry on, conduct and manage any and all other property and appliances that may in anywise be deemed advisable in connection with the business of the corporation or any branch thereof, or that may be deemed convenient at any time by the board of directors of the corporation.

(r) To buy, exchange, construct, contract for, lease, and in any and all other ways acquire, take, hold and own pipe lines and telegraph and telephone lines useful or necessary, in the judgment of the officers of this corporation, for its own business, and to improve, maintain and operate the same, and to sell, mortgage, lease or otherwise dispose of the same.

(s) To manufacture, buy, sell and otherwise deal in gas and oil machinery and appliances, also lumber, stone, brick, steel, iron and other materials in connection with the building, erection, construction, development, improvement, extension, maintenance and repair of the properties herein enumerated, both for this corporation and for others.

The foregoing clauses shall each be construed as purposes, objects and powers, and the matters expressed in each clause shall, except as otherwise expressly provided, be in nowise limited by reference to, or inference from the terms of any other clause, but shall be regarded as

independent purposes, objects and powers, and the enumerations of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of the general powers of the corporation, nor shall the expression of one thing be deemed to exclude another, although it be of like nature, not expressed.

ARTICLE IV

This corporation is authorized to issue one class of shares of stock. The total number of such shares shall be two hundred and fifty (250) shares of common stock; the aggregate par value of said shares shall be Twenty-five Thousand Dollars (\$25,000.00) and the par value of each of such shares shall be One Hundred Dollars (\$100.00).

ARTICLE V

The Board of Directors of this corporation shall be three (3) in number, and the names and addresses of the persons appointed to act as the first directors are as follows:

Grover R. Hayler
1917 Selby Avenue
Los Angeles 25, California

Charles E. Horning, Jr.
670 Veteran Avenue
Los Angeles 24, California

Richard F. Alden
260 South Maple Drive
Beverly Hills, California

The number of persons so named as directors shall constitute the Board of Directors until changed by an amendment to these Articles of Incorporation, or by an amendment to the

By-Laws of this corporation. Authority is hereby given for the adoption of a provision in the By-Laws concerning the number of directors of the corporation and changes therein.

ARTICLE VI

Except as otherwise provided by law, these Articles of Incorporation may be amended upon the adoption of a resolution providing for such amendment by a majority vote of the Board of Directors and the approval thereof either before or after the adoption of the resolution by the Board of Directors, by the vote or written consent of shareholders holding at least a majority of the voting power.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of California, we, the undersigned, constituting the incorporators of this corporation, including the persons named hereinabove as the first directors of this corporation, have executed these Articles of Incorporation this 22nd day of April, 1955.

GROVER R. MEYLER
GROVER R. MEYLER

CHARLES E. HORNINGS, JR.
CHARLES E. HORNINGS, JR.

RICHARD F. ALDEN
RICHARD F. ALDEN

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss

On this 22 day of April, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Grover R. Heyler, Charles E. Horning, Jr. and Richard F. Alden, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

LILLIAN S. FOLTZ
Notary Public in and for said
County and State

My commission expires: April 22, 1958

(NOTARIAL SEAL)

BY-LAWS

VALLEY RECLAMATION CO.

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office for the transaction of the business of the corporation is hereby fixed and located in Los Angeles County, California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another in said County.

Section 2. OTHER OFFICES. The corporation may also have offices at such other places within or without the State of California as the Board of Directors may from time to time determine, or the business of the corporation may require.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. PLACE OF MEETINGS. Meetings of shareholders, including annual meetings, shall be held at any place within or without the State of California which may be designated either by written consent of all shareholders entitled to vote thereat, given either before or after the meeting and filed with the Secretary of the corporation, or by the Board of Directors pursuant to authority hereinafter granted to said Board. In the absence of any such designation, shareholders' meetings shall be held at the principal office of the corporation.

Section 2. ANNUAL MEETINGS. The annual meetings of shareholders shall be held on the first Tuesday in April of each year at 11:00 A.M. of said day; provided, however, that should said day

charges prepaid, addressed to such shareholder at his address appearing on the books of the corporation, or given by him to the corporation for the purpose of notice. If a shareholder gives no address, notice shall be deemed to have been given him if sent by mail or other means of written communication addressed to the place where the principal office of the corporation is situated, or if published at least once in some newspaper of general circulation in the county in which said office is located. All such notices shall be sent to each shareholder entitled thereto not less than seven (7) days before each annual meeting, and shall specify the place, the day, and the hour of such meeting, and shall also state the general nature of the business to be transacted at such meeting.

Section 3. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes whatsoever, may be called at any time by the President, or by the Board of Directors, or by one or more shareholders holding not less than one-fifth (1/5th) of the voting power of the corporation.

Upon request in writing to the President, Vice President, or Secretary, sent by registered mail or delivered to the officer in person, by any persons entitled to call a meeting of shareholders, the officer forthwith shall cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time, fixed by the officer, not less than 10 nor more than 60 days after the receipt of the request. If the notice is not given within 7 days after the date of delivery, or the

adjournment is taken.

Section 5. ENTRY OF NOTICE. Whenever any shareholder entitled to vote has been absent from any meeting of shareholders, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be presumptive evidence that due notice of such meeting was given to such shareholder, as required by law and the By-Laws of the corporation.

Section 6. VOTING. At any meetings of shareholders every shareholder entitled to vote shall have the right to vote in person or by proxy the number of shares standing in his own name on the stock records of the corporation on the day three days prior to such meeting of shareholders, or, if some other day is fixed for the determination of shareholders of record, then on such other day. Such vote may be viva voce or by ballot, provided, however, that all elections for directors shall be by ballot upon demand made by a shareholder at any election and before the voting begins. Every shareholder entitled to vote at any election for directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his share are entitled, or distribute his votes on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 7. QUORUM. The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting

except approval of an agreement for merger or consolidation of the corporation with other corporations, may be taken without a meeting if authorized by a writing signed by all of the holders of shares who would be entitled to vote at a meeting for such purpose, and filed with the Secretary of the corporation.

Section 10. PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person, or his duly authorized agent, and filed with the Secretary of the corporation; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the shareholder executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed seven (7) years from the date of its execution.

ARTICLE III

DIRECTORS

Section 1. POWERS. Subject to limitations of the Articles of Incorporation, of the By-Laws, and of applicable laws and regulations as to action to be authorized or approved by the shareholders, and subject to the duties of directors as prescribed by the By-Laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by, the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared

provided that such seal and such certificates shall at all times comply with the provisions of law.

Fourth - To authorize the issuances of shares of stock of the corporation from time to time, upon such terms as may be lawful, in consideration of money paid, labor done, services actually rendered, debts or securities cancelled, tangible or intangible property actually received, or against amounts transferred from surplus to stated capital, provided, however, that this does not require the transfer of amounts from surplus to stated capital upon a stock split, reverse stock split, reclassification, conversion, exchange, change in per-share par value, or other changes affecting outstanding shares if the aggregate par value of the shares outstanding immediately after such change is not greater than the aggregate par value of the shares outstanding immediately prior thereto.

Fifth - To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefor.

Sixth - To appoint an Executive Committee and other committees, and to delegate to the Executive Committee any of the power and authority of the Board in the management of the business and affairs of the corporation, except the power to

the shareholders fail, at any annual or special meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors to be voted for at that meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the Board of Directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the shareholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. PLACE OF MEETING. Regular meetings of the Board of Directors shall be held at any place within or without the State which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation, regular meetings shall be held at the principal office of the corporation. Special meetings of the Board may be held either at a place so designated or at the principal office.

Section 6. ORGANIZATION MEETING. Immediately following each annual meeting of shareholders, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of such meetings is hereby dispensed with.

to the time of the holding of the meeting. Such mailing, telegraphing, or delivery as above provided shall be due, legal, and personal notice to such director.

Section 9. NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 10. ENTRY OF NOTICE. Whenever any director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be presumptive evidence that due notice of such special meeting was given to such directors, as required by law and the By-Laws of the Corporation.

Section 11. WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 12. QUORUM. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided.

as a unanimous vote of such directors.

ARTICLE IV

OFFICERS

Section 1. OFFICERS. The officers of the corporation shall be a President, a Vice President, a Secretary, and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Officers need not be directors. One person may hold two or more offices, except those of President and Secretary.

Section 2. ELECTION. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. SUBORDINATE OFFICERS, ETC. The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Any officer may be

control of the business and officers of the corporation. He shall preside at all meetings of the shareholders and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 8. VICE PRESIDENT. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-Laws.

Section 9. SECRETARY. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and shareholders, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number

of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all times be open to inspection by a director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and directors whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

Section 11. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

When a person is sued, either alone or with others, because he is or was a director, officer, or employee of this corporation, in any proceeding arising out of his alleged misfeasance or non-feasance in the performance of his duties or out of any alleged wrongful act against this corporation or by this corporation, indemnity for his reasonable expenses, including attorneys' fees incurred in the defense of the proceeding, may be assessed against this corporation, its receiver, or its trustee, by the court in the same or in a separate proceeding, if both of the following conditions exist:

- (a) The person sued is successful in whole or in part, or the proceeding against him is settled with the

transfers of shares during the whole or any part of a period of not more than fifty (50) days prior to the date of a shareholders' meeting, the date when the right to any dividend, distribution, or allotment of rights vests, or the effective date of any change, conversion, or exchange of shares.

Section 2. DIVIDENDS. Subject to the provisions of law and of the Articles of Incorporation relating thereto, if any, dividends may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash or in property, pursuant to law concerning the funds from which such dividends may be paid, or in shares of the capital stock, subject to any provisions of the Articles of Incorporation.

Section 3. INSPECTION OF CORPORATE RECORDS. The share register or duplicate share register, the books of account and minutes of proceeding of the shareholders and directors shall be open to inspection upon the written demand of any shareholders, or the holder of a voting trust certificate, at any reasonable time and for a purpose reasonably related to his interests as a shareholder, or as the holder of a voting trust certificate, and shall be exhibited at any time when required by the demand of ten per cent (10%) of the shares represented at any shareholders' meeting. Such inspection may be made in person or by an agent or attorney and shall include the right to make extracts.

Demand of inspection, other than at a shareholders' meeting, shall be made in writing upon the President, Secretary, Assistant

and the Secretary or an Assistant Secretary, or be authenticated by facsimiles of the signatures of the President and the Secretary, or by a facsimile of the signature of the President and the written signature of the Secretary or an Assistant Secretary. Every certificate authenticated by a facsimile of a signature must be countersigned by a transfer agent or transfer clerk, and be registered by an incorporated bank or trust company, either domestic or foreign, as registrar of transfers, before issuance.

Certificates for shares may be issued prior to full payment under such restrictions and for such purposes as the Board of Directors or the By-Laws may provide, provided, however, that any such certificate so issued prior to full payment shall state the amount remaining unpaid and the terms of payment thereof.

Section 8. TRANSFER OF STOCK. Shares of stock may be transferred at any time by the holders thereof or by their attorneys in fact, or by legal representatives of the holders, by endorsement on the certificate of stock. No transfer of stock shall be effected until the surrender to the Secretary or transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, and the acknowledgment of such transfer on the books of the corporation. Surrendered certificates shall not be cancelled by the Secretary or transfer agent until a new certificate is issued in lieu thereof, and the Secretary shall reserve the cancelled certificates as vouchers.

of shareholders entitled to exercise a majority of the voting power of the corporation or by the written assent of such shareholders, except as otherwise provided by law, by the Articles of Incorporation, or the By-Laws.

Section 2. POWER OF DIRECTORS. Subject to the right of shareholders as provided in Section 1 of this Article VI to adopt, amend, or repeal By-Laws, By-Laws other than a By-Law or amendment thereof changing the authorized number of directors may be adopted, amended or repealed by the Board of Directors.



INTER OFFICE MEMORANDUM

ALL CONCERNED

DATE 2/15/80

SUBJECT

FROM H. L. Harger

FILE REF.

As of this date, Mr. George W. Cosby will relinquish his duties as Assistant to the Vice President and General Manager of Reliance Land Co. to assume the position of General Manager of Valley Reclamation Co.

H. L. Harger

LEASE

THIS LEASE, made and entered into this 1st day of December, 1972,
by and between CONROCK CO., a Delaware corporation, hereinafter
called Lessor, and Valley Reclamation Co., a California corporation,
hereinafter called Lessee.

WITNESSETH:

WHEREAS, Lessor is the owner of certain unimproved real property
situated in the City of Los Angeles, State of California, hereinafter
more particularly described; and

WHEREAS, Lessor has excavated said property creating a pit and
now desires to reclaim said property by filling operations and to lease
said property to Lessee, giving to Lessee the right to fill said property;
and

WHEREAS, Lessee desires to lease said property for such purpose,
all on the terms and conditions herein provided;

NOW, THEREFORE, for and in consideration of the rents herein
reserved, and all of the covenants, conditions and agreements to be
done and performed by the parties, Lessor does hereby lease and demise
to Lessee, and Lessee does hereby hire and take from Lessor, those
certain premises situated in the County of Los Angeles, State of California,
more particularly described in Exhibit "A" attached hereto and incorporated
herein.

1. TERM: The term of this lease shall be five (5) years, commencing December 1, 1972, and ending November 30, 1977, unless sooner terminated as hereinafter set forth; provided, however, this lease shall terminate upon five (5) days' written notice by Lessee to Lessor certifying that the property covered hereby and available for use by Lessee has been completely filled, according to the requirements of such permits as Lessee shall have obtained for filling operations hereunder.

2. RENTAL: Lessee covenants and agrees to pay to Lessor as rental for the Demised Premises during the term of this lease or until termination thereof, a royalty of 75¢ per ton of material used in connection with Lessee's dumping and filling operations on the Demised Premises. Commencing at such time as Lessee shall actually begin its filling operations, Lessee shall pay to Lessor a minimum rental of One Thousand (\$1,000.00) Dollars per month in advance (prorate first month's minimum rent if filling operations begin on any date other than the first of a calendar month), until Lessee has filled the property available to be filled under the terms of this lease to street grade, at which time this lease shall thereupon terminate. Royalties shall be paid monthly, and shall be payable on or before the 20th day of the month following the month during which the same accrue. The minimum rental of \$1000 per month shall be allowed as a credit against royalties payable by Lessee, if the royalties for any month are less than the minimum rental for said month. The amount by which the minimum rental paid in any month exceeds the royalties earned for such month shall constitute a credit which may be applied by Lessee against royalties earned in excess of the minimum rental for any calendar month during the next succeeding twelve (12) month period.

Each ton of fill material used in Lessor's operation on the Demised Premises shall be weighed on the Demised Premises and shall be evidenced by a weight certificate prepared and certified to as correct by a certified weighmaster.

Within twenty (20) days following the end of each month, Lessee shall furnish Lessor with a statement setting forth the gross tonnage of fill material used in Lessee's operations on the Demised Premises for the month just concluded and with each statement, Lessee shall pay to Lessor the amount of royalties which are payable to Lessor as shown thereby.

Lessee shall keep full and complete books and records showing all fill materials used in Lessee's operations on the Demised Premises, such records to include, without limiting the generality of the foregoing, all weight certificates prepared in compliance with this paragraph. Said records shall at all reasonable times be open to inspection by Lessor or Lessor's representative.

3. USE OF PROPERTY: Lessee shall have the right to use the property covered by this lease and available for filling under the provisions of this lease solely for dumping and filling operations.

Lessee shall not use the Demised Premises nor permit the same to be used for any unlawful purpose, and shall, at all times, maintain the same and conduct its operations in such a manner as to conform to all laws, ordinances, rules and regulations of any governmental body applying thereto. Lessee may use as fill only such material as is allowable and acceptable under (a) a duly authorized permit of the Board of Public Works of the City of Los Angeles, and (b) all laws, ordinances, rules and regulations applicable thereto.

4. ZONING, PERMITS AND CONTEMPLATED OPERATIONS: The parties hereto understand that in order for Lessee to conduct its contemplated operations hereunder, a permit must be obtained to carry on such contemplated operations. The parties understand that the property covered by this lease is presently zoned M-3, and that under such zoning the Lessee may conduct its contemplated operations on such property upon obtaining the necessary permit. Lessee agrees to use its best efforts to obtain, at Lessee's sole cost and expense, a permit for its contemplated dumping and filling operations on the property covered by this lease which is presently zoned M-3. Should Lessee be unable to obtain such permit, Lessor, or Lessee, may terminate this lease by written notice thereof.

Lessor agrees to execute all documents and do all things reasonably necessary and proper to enable Lessee to obtain said permits. Lessee shall pay the whole cost and expense of obtaining the same.

5. PUBLIC UTILITIES: In addition to the rental hereinabove reserved, Lessee shall pay, before delinquency, all charges for water, gas, heat, electricity, power and any and all other similar charges for public utilities which may accrue with respect to the Demised Premises by reason of the occupancy thereof by Lessee during the term of this lease.

6. TAXES AND ASSESSMENTS: At such time as Lessee conducts filling operations on the Demised Premises, Lessee shall pay when due all taxes and assessments applicable to the Demised Premises. Lessor will notify Lessee in writing and Lessee shall reimburse Lessor for the same. Any such taxes which Lessee shall pay shall be prorated as of the date it commences said operations on the Demised Premises.

7. INDEMNITY - PUBLIC LIABILITY AND PROPERTY DAMAGE

INSURANCE: Lessee covenants to indemnify and save Lessor harmless and free from and against any and all liabilities, penalties, damages, expenses (including reasonable attorneys' fees), costs, loss and judgments arising from the death or injury to persons or damage to property of any nature occasioned wholly or in part by any act or acts, omission or omissions of the Lessee or the employees, visitors, agents or guests of Lessee, and for any matter, cause or thing growing out of or by reason of the occupation of said property by Lessee.

At such time as Lessee shall commence operations under this lease, Lessee shall obtain and thereafter maintain in full force and effect, at Lessee's own cost and expense, workman's compensation insurance covering all employees of Lessee, and comprehensive general liability insurance, with such companies and in such form as shall be approved by Lessor, with Lessor named as an additional insured, providing \$5,000,000 combined single limit. Such policy shall contain an endorsement providing that the policy shall not be cancelled by the company issuing the same without thirty (30) days' prior written notice to Lessor.

8. LIENS: Lessee agrees to and hereby does indemnify the Lessor and save the Lessor harmless from all liens and claims of liens, and all other liability, claims and demands, arising out of any work done or material supplied to the Demised Premises at the instance of the Lessee, and from all actions, suits and costs of suit by any person to enforce any such lien or claims of liens, liability, claims or demands, together with the cost of suit, and attorneys' fees, incurred by Lessor in connection with any thereof.

Lessor hereby reserves the right to enter into and upon said premises at any time to post any notice which shall, in the Lessor's opinion, be necessary to hold Lessor and the premises harmless from any claim and/or liability arising out of any work done in or upon said premises.

In the event any such lien does attach or any claim of lien is made against the leased premises which may be occasioned by any act or omission on the part of the Lessee, and shall not be released or bonded within fifteen (15) days after notice from Lessor to Lessee so to do, Lessor, in its sole discretion, may pay and discharge the same and relieve the leased premises from any such lien, and Lessee agrees to repay and reimburse Lessor, upon fifteen (15) days' written notice, for or on account of any amount which may be paid by Lessor in discharging such lien or claim including, but not limiting the same, to the payment of any reasonable attorneys' fees, costs and charges incurred in connection therewith, together with interest at the rate of seven per cent (7%) per annum from the date of said written notice by Lessor to the date of repayment by Lessee, provided, however, that if Lessee desires to contest the validity or correctness of any such lien it may do so, provided that it shall first furnish Lessor with a good and sufficient bond in a company satisfactory to Lessor indemnifying Lessor against any loss, liability or damage on account thereof.

9. RIGHTS UPON DEFAULT: If the rent reserved by this lease, or any part thereof, shall be unpaid when due, Lessor shall give written notice of such default to Lessee, and Lessee shall have ten (10) days after service of said notice to pay said rental, and if Lessee fails to do so, Lessor shall have the right to re-enter, recover and resume possession of the Demised Premises by force or otherwise, either with or without process of law, without being liable to prosecution therefor.

If a petition in bankruptcy shall be filed by Lessee, and if said petition has not been dismissed within thirty (30) days after the filing thereof, or if Lessee shall be adjudged bankrupt or insolvent by any court, or if a Trustee or receiver in bankruptcy or receiver of any property of Lessee shall be appointed in any suit or proceeding by or against Lessee, or if the Lessee shall be dispossessed, or if the Demised Premises shall become abandoned, and if any of such conditions exist for a period of thirty (30) days, then Lessor shall have the right to re-enter, recover and resume possession of the Demised Premises by force or otherwise, either with or without process of law, without being liable to prosecution therefor.

In the event Lessee shall default in keeping, observing or performing any of the other covenants, conditions, provisions or agreements herein required to be kept, observed or performed by Lessee, Lessor shall give written notice of such default to Lessee, and Lessee shall have thirty (30) days after service of said notice in which to cure, remedy and correct said default, or in which to commence performance of the thing or work required to be done to cure, correct and remedy said default, and Lessee shall diligently prosecute the same to completion,

and should Lessee fail so to cure, remedy and correct said default, or commence to do so within said thirty (30) day period, Lessor shall have the right to re-enter, recover and resume possession of the Demised Premises by force or otherwise, either with or without process of law, without being liable to prosecution therefor.

Lessor shall not be deemed to have terminated this lease, or the liability of Lessee to pay the rent thereafter to accrue, or its liability for damages, by any such re-entry or by any action in unlawful detainer, or otherwise, unless Lessor notifies Lessee in writing that it has elected to terminate this lease, and Lessee further covenants that the services by Lessor of any notice, pursuant to the unlawful detainer statutes of the State of California, and the surrender of the possession by Lessee pursuant to such notice, shall not (unless Lessor elects to the contrary at the time of, or at any time subsequent to the service of such notice), be deemed to be a termination of this lease. In the event of any entry, and taking possession of the Demised Premises under this lease, or by summary proceedings, or any other means, Lessor shall have the right but not the obligation to remove therefrom any person or persons, and any or all personal property located thereon not belonging to Lessor, and may place the said personal property in storage at a public warehouse at the expense and risk of the owner or owners thereof. Any right or remedy herein given to Lessor shall not be exclusive of any other legal right or remedy which Lessor may have.

10. IMPROVEMENTS: Lessee may construct or place in or upon said property such roads, water lines, sanitary facilities, fences, buildings and structures as it desires to use in connection with its contemplated operations, and the same (except roads) shall belong to and be the property of the Lessee. Upon termination of this lease, (by expiration of the term hereof or otherwise), Lessee shall have the option to remove the same. All such property not removed within thirty (30) days shall then belong to Lessor. Lessee shall leave the Demised Premises in good condition.

11. RIGHT OF TERMINATION: Lessee may terminate this lease by giving thirty (30) days' written notice thereof to Lessor if:

- (a) Lessee shall be unable to obtain a permit or permits, or, having obtained a permit, is unable to renew the same, or the same is revoked, so that Lessee is unable to conduct or continue to conduct its contemplated operations hereunder; or
- (b) Any law, ordinance, or rule or regulation of any governmental body prohibits the use of combustible material for fill of the property or any part thereof covered hereby; or
- (c) Any law, ordinance, or rule or regulation of any governmental body materially affects the cost of Lessee's filling operations hereunder so that a continuation of such operations would not be profitable to Lessee; or

- (d) Any governmental body or agency shall operate a disposal facility at a cost with which Lessee cannot profitably compete.

12. SERVICE OF NOTICE: Any notice required or permitted to be given or furnished by one party to the other shall be in writing. Any notice may be personally served by one party to the other, or may be served by mailing the same in the United States mails, postage prepaid, addressed to the parties hereto at the following addresses:

CONROCK CO.
P. O. Box 2950, Terminal Annex
Los Angeles, California 90051

Valley Reclamation Co.

Delivery of such written notice shall be conclusively taken as sufficient forty-eight (48) hours after the same is deposited in the United States mails in Los Angeles County, registered, with postage prepaid, addressed to either party, as the case may be, at the above address. Any party hereto may change the aforesaid address to another location in said County by giving written notice to the other party.

13. CONDEMNATION: In the event that the Demised Premises or any part thereof are taken in condemnation proceedings or by any right of eminent domain, the entire award shall be made to Lessor without deduction therefrom for any estate hereby vested in Lessee, and Lessee shall not receive any part of any such award. Lessee hereby expressly assigns to Lessor any and all such awards, together with any and all rights of Lessee now or hereafter arising, in and to the same or any part thereof.

In the event the whole of the Demised Premises shall be so taken, then this lease shall thereupon terminate. If only a part of the property covered by this lease shall be so taken, then Lessee may terminate this lease upon thirty (30) days' written notice to Lessor, if Lessee believes it is impractical to continue its operations on the remaining portion of said property.

14. ASSIGNMENT AND SUBLETTING: Lessee shall not assign or hypothecate this lease or the leasehold estate created thereby without the written consent of Lessor first had and obtained and endorsed on or incorporated in any such assignment. Any such assignment or transfer without the written consent of Lessor first had and obtained shall be null and void and shall confer no rights on any third party, and shall be cause for cancellation of this lease by Lessor at Lessor's option, and this provision against assignment or hypothecation shall be deemed to be a continuing condition, and shall apply not only to the Lessee herein but to any and all assignees of said leasehold premises or estate, and to anyone who may, in any manner, acquire any interest herein. Should Lessor consent to such assignment or transfer, Lessee shall not be relieved thereby of any of the liabilities and obligations of Lessee hereunder.

Any such assignment shall be in writing and any assignee shall, in writing, expressly assume and agree to perform all of the terms, covenants and conditions hereof on the part of the Lessee to be performed, and the taking of possession by any such assignee shall be deemed to constitute the assumption by said assignee of the terms, covenants and

conditions hereof on the part of Lessee to be performed and the agreement of such assignee to so assume and perform the same.

Lessee shall not sublet the Demised Premises or any part thereof without first having obtained the written consent of Lessor thereto.

15. MISCELLANEOUS:

(a) No waiver of any breach of any of the covenants, agreements or provisions herein contained shall be construed as a waiver of any subsequent breach of the same or any other covenant or provision.

(b) Should Lessor or Lessee prevail in any action brought by one against the other, the losing party shall be liable to the other for attorneys' fees in such suit or action in such amount as the court therein may adjudge reasonable as attorneys' fees in such suit or action.

(c) Lessor reserves the right to enter upon said property at all reasonable times.

(d) This lease binds, applies to and inures to the benefit of, as the case may be, the successors and permitted assigns of the parties hereto.

(e) In the event that all of the property covered by this lease shall be completely filled, all in accordance with all applicable laws, rules and regulations of governmental authority, prior to the end of the term of this lease, as hereinabove set forth, then this lease shall terminate.

(f) All rights to oil, gas, hydrocarbons and precious metals (including uranium) and the right to drill for or otherwise extract

the same are hereby reserved to Lessor, provided that the rights herein reserved shall be so exercised by Lessor as not to interfere substantially with Lessee's use of the Demised Premises.

IN WITNESS WHEREOF, the parties hereto have executed this lease the day and year first above written.

CONROCK CO.

By: 

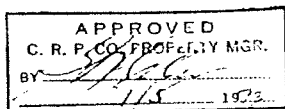
By: 

SECRETARY

VALLEY RECLAMATION CO.

By: 

By: 



Lot 1 of Tract No. 18542, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 551 pages 5 and 6 of Maps, in the office of the county recorder of said county,

Lots 6, 7, 8, 9, 10 & 11 all in Block 13 of Los Angeles Land and Water Company's subdivision of a part of Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the County Recorder of said county.

EXCEPT the northwest 492.30 feet of said lots.

Lots 18 to 24 inclusive in Block 13 of Los Angeles Land and Water Company's sub-division of a part of Maclay Rancho, in the City of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 page 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT those portions of said Lots 21, 22, 23 and 24 included within the lines of Tract No. 10729, as per map recorded in book 174 pages 36 and 37 of Maps, records of said county.

All of Tract No. 10729, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 174 pages 36 and 37 of Maps, in the office of the county recorder of said county.

EXCEPT that portion of said Tract No. 10729 included within the lines of Tract No. 18542, as per map recorded in book 551 pages 5 and 6 of Maps, records of said county.

Lots 7 and 8 in Block 16 of the Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT that portion of said land included within the lines of Tract No. 10729, as per map recorded in book 174 pages 36 and 37 of Maps, records of said county.

That portion of Lot 2, Tract 10646, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 174 pages 34 and 35 of Maps, in the office of the county recorder of said county, described as follows:

Beginning at the intersection of the center lines of Tujunga Avenue (formerly Farmdale Avenue) and Bradley Street as shown on Map of Tract 9329 recorded in book 179 pages 9 and 10 of Maps in the office of the county recorder of Los Angeles County; thence N 3° 31' 34" east along the center line of Tujunga Avenue, 560 feet; thence at right angles N 86° 28' 26" W, 30 feet to the TRUE POINT OF BEGINNING; thence continuing N 86° 28' 26" W, 85 feet; thence S 46° 38' 41" W, 406.72 feet; thence S 3° 31' 34" W, 145.0 feet; thence S 45° 00' 00" W, 400.0 feet; thence N 87° 32' 27" W, 70.0 feet; thence westerly in a direct line to the most southerly corner of Lot 1, Tract 13080; as per map recorded in book 253 page 36 of Maps, in the office of the county recorder of Los Angeles County; thence N 62° 27' 28" E, 320.05 feet; thence N 25° 02' 11" E, 668.21 feet; thence S 80° 00' 00" W, 294.0 feet to a point on the westerly line of said Lot 2, thence northerly, easterly and southerly along the lot lines of said Lot 2 through all its courses to the TRUE POINT OF BEGINNING.

EXCEPT those portions of the above described properties as follows:

Beginning at the intersection of the center lines of Tujunga Avenue (formerly Farmdale Avenue) and Bradley Street as shown on map of Tract No. 9329, recorded in Book 179, pages 9 and 10 of Maps in the office of said County Recorder; thence N 3° 31' 34" East along the center line of Tujunga Avenue 560 feet; thence, at right angles N 86° 28' 26" W 30 feet to the TRUE POINT OF BEGINNING of this description; thence, continuing N 86° 28' 26" W 85 feet; thence S 46° 38' 41" W 406.72 feet; thence S 3° 31' 34" W, 145.0 feet; thence S 45° 00' 00" W 400.0 feet; thence N 87° 32' 27" W, 70.0 feet; thence N 3° 31' 34" E, 1160.0 feet; thence N 0° 25' 38" W 782.13 feet; thence N 87° 46' 00" W, 19.10 feet; thence N 2° 14' 00" E, 1645.39 feet; thence N 48° 37' 08" E, 340.59 feet to a point on the southwesterly right of way line of Glenoaks Blvd.; thence southeasterly along said right of way line and along the northwesterly right of way line of Peoria Ave. and along the westerly line of Tujunga Avenue to the TRUE POINT OF BEGINNING.

EXHIBIT A

TRUST AGREEMENT

THIS TRUST AGREEMENT is between CONROCK CO., a Delaware corporation, hereafter called Trustor, and SECURITY PACIFIC NATIONAL BANK, a national banking association, hereafter called Trustee.

Trustee declares that all property which shall become subject to this trust shall be held, managed and distributed by Trustee as hereafter provided.

ARTICLE I

PROPERTY SUBJECT TO THIS TRUST

Section 1.01 Trustor shall, from time to time, contribute property to this trust in accordance with Trustor's Agreement with the City of Los Angeles relating to the Bradley Avenue Landfill (the "Site") which Agreement is attached hereto as Schedule "B". Trustee shall hold such property under the terms of this trust but shall have no duty or obligation to calculate or collect such contributions.

REVOCATION AND AMENDMENT

Section 2.01 The trust created by this agreement is irrevocable. Trustor, by written instrument filed with Trustee and, with Trustee's written consent, may amend this agreement only insofar as it shall affect the powers, duties and responsibilities of Trustee, and may cancel or amend any such amendment. No amendment shall invest Trustor with the power to revoke this trust in whole or in part, or to alter or divest the interest of or change beneficiaries, nor vest the power to terminate or amend this trust in any other person, nor shall it confer any beneficial right or interest upon Trustor without the consent of the Beneficiary.

ARTICLE III

RIGHTS RESERVED BY TRUSTOR
OR CONFERRED UPON OTHERS

Section 3.01 Trustee may resign at any time upon sixty (60) days prior written notice to Trustor, or may be removed at any time by Trustor with the consent of the Beneficiary identified in Article IV. Upon resignation or removal of the Trustee, Trustor shall promptly appoint a successor Trustee who shall have the same powers and duties as those conferred herein. Any resigning or removed Trustee shall transfer the Trust assets to its successor and shall deliver the books, accounts and records thereof thereto. The resigning or removed Trustee is authorized, however, to reserve such amount as may be necessary for the payment of its fees and expenses incurred prior to resignation or removal. If a successor Trustee is not so appointed, a successor shall be appointed by a court of competent jurisdiction. A successor Trustee shall be a corporate fiduciary.

Any successor Trustee shall have no responsibility for the acts or omissions of any predecessor and shall have no duty to audit or investigate the accounts or administration of a predecessor and shall have no duty to take action to obtain redress for breach of trust, unless expressly requested to do so in writing by a Beneficiary of this trust.

Section 3.02 Trustee shall have the power to invest and reinvest the assets of the trust, including accumulated income, if any, subject to proper directives established by the committee created by Section 3.03. of this trust.

Section 3.03 Investment directives shall be established from time to time by a committee consisting of

two (2) persons; one shall be appointed by the Trustor, one shall be appointed by the Beneficiary identified in Article IV.

In the event the committee is not appointed or if appointed, shall fail to issue directives to Trustee, Trustee shall be authorized to invest in U.S. Treasury obligations, prime rated commercial paper, certificates of deposit, common trust funds which are designed for short term investment and savings accounts at savings and loan associations or banks, including accounts, common trust funds or certificates of deposit of the Trustee.

Section 3.04 Trustee shall keep accurate detail accounts of all investments, receipts and disbursements and other actions hereunder. Its books and records relating thereto shall be open to inspection and audit at any reasonable time by Trustor or Beneficiary, or their duly authorized representatives.

Within thirty (30) days after the close of each calendar year and within thirty (30) days after the removal or resignation of the Trustee as provided in Section 3.01 hereof, Trustee shall render to the Trustor and Beneficiary a written account showing in reasonable summary the investments, receipts, disbursements and other transactions engaged in by Trustee during the preceeding calendar year or period and setting forth the assets and liabilities of the Trust.

ARTICLE IV

DISTRIBUTIONS DURING THE TERM OF THE TRUST

Section 4.01 The Beneficiary of this trust is the City of Los Angeles.

Section 4.02 Trustee shall pay such amounts and

at such times as Trustor and Beneficiary may jointly direct. Trustee shall also pay such amounts and at such times as the Board of Public Works of the City of Los Angeles or its successor as designated by the City Council of the City of Los Angeles shall direct. In the event Trustee receives two such orders, Trustee shall first comply with orders of the Board of Public Works, or its successor, and then, to the extent funds are available, with the joint order of Trustor and Beneficiary.

Section 4.03 Upon receipt of a direction, Trustee shall promptly convert such portion of the assets of the trust as are necessary to comply with the direction to cash and distribute the assets as directed.

Trustee shall be entitled to make such distribution without liability to Trustor or Beneficiary. Trustor and Beneficiary shall hold Trustee harmless from compliance with a direction which Trustee reasonably believes to be duly authorized. Trustor and Beneficiary shall indemnify Trustee for all liability and expense (including attorney's fees) arising from this trust which is not due to Trustee's negligence.

ARTICLE V

POWERS OF THE TRUSTEE

Section 5.01 To carry out the purposes of this trust and subject to any limitations and requirements stated in §3.03 of this Agreement, Trustee is vested with the following powers, in addition to any now or hereafter conferred by law:

(a) To acquire an asset or interest therein, for cash or on credit, at public or private sale or by gift, exchange, partition, division or change of character.

(b) To sell or convey, at public or private sale, for cash or credit; to exchange; to divide; to grant

options; to abandon a trust asset or any interest therein.

(c) To lease for terms within or extending beyond the duration of this trust for any purpose, including exploration for and removal of gas, oil or other minerals; to enter into community oil leases.

(d) To retain income producing property, including stock of Security Pacific Corporation, and invest and reinvest as provided by law from time to time existing, including investment in any collective investment fund or common trust fund now or hereafter established by the Corporate Trustee.

(e) To borrow money and to create security interests in personal property of the trust and to encumber real property of the trust.

(f) To participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations and in connection therewith, to deposit securities with and transfer title to any protective or other committee as Trustee may deem advisable.

(g) To purchase, sell or exercise stock subscription or conversion rights, warrants and puts and calls.

(h) To insure the assets of the trust against damage or loss, and Trustee against liability with respect to third persons.

(i) To advance money for the protection of the trust, and for all expenses, losses, and liabilities sustained in the administration of the trust or because of the holding or ownership of any trust assets, for which advances, with any interest, Trustee has a lien on the trust assets as against any Beneficiary.

(j) To pay or contest any claim; to settle a claim by or against the trust by compromise, arbitration, or otherwise; and to release, in whole or in part, any claim belonging to the trust to the extent that the claim is uncollectible; to institute, compromise and defend actions and proceedings.

(k) To continue or participate in any business or other enterprise and to effect incorporation, dissolution, or other change in the form of organization of the business or enterprise.

(l) To employ such agents as may be necessary in the administration of the trust and to pay them a reasonable compensation.

(m) To make ordinary or extraordinary repairs or alterations to buildings or other trust property, to demolish any improvements, to raze existing or erect new party walls or buildings.

(n) To subdivide, develop, or dedicate land to public use; or to make or obtain the vacation of plats and adjust boundaries; or to adjust differences in valuation on exchange or partition by giving or receiving consideration; or to dedicate easements to public use without consideration.

(o) To make loans at prevailing rates of interest to the legal representative of a Trustor's estate on such terms and conditions as Trustee shall determine; to purchase, and to retain as assets of this trust any real or personal property in a Trustor's probate estate at the fair market value thereof on the date of purchase.

(p) To execute whatever instrument may be necessary to exercise any discretion under this Article, including contracts, notes, mortgages, and conveyances, even though such instruments contain covenants and warranties

binding the trust property and excluding personal liability.

(q) To depart from usual trust investment policies as Trustee determines to be in the best interests of the Beneficiaries, as for instance by investing a substantial portion of the trust estate in common stocks or departing from principles of diversification.

(r) To transfer any or all of the trust assets to any other jurisdiction as often as Trustee deems advisable; to appoint a substitute Trustee for such property; to delegate to any such substitute Trustee any or all of the discretionary powers granted Trustee; to act as advisor or agent for such substitute Trustee; and to remove any acting substitute Trustee and to appoint another or to retransfer such assets to Trustee.

(s) To pay or cause to be paid any and all real or personal property taxes, income taxes, or other taxes or assessments of any or all kinds levied or assessed upon or with respect to the trust assets.

(t) The enumeration of certain powers of Trustee shall not limit its general powers, Trustee, subject always to the discharge of Trustee's fiduciary obligations, being vested with and having all the rights, powers and privileges which an absolute owner of the same property would have.

ARTICLE VI

GENERAL PROVISIONS

Section 6.01 This trust has been accepted by Trustee in California and, unless otherwise provided in this agreement, its validity, construction and all rights under it shall be governed by the laws of California.

Section 6.02 If any provision of this agreement is unenforceable, the remaining provisions shall nevertheless be

carried into effect.

Section 6.03 Trustor shall not be liable or responsible for:

(a) Any debts, liabilities or obligations of the Trust or the Trustee;

(b) The acts or omissions of any fiduciary or other person rendering services to the Trust.

ARTICLE VII

COMPENSATION OF TRUSTEE

Section 7.01 Trustee shall receive such compensation as Trustor and Trustee may from time to time agree. Such compensation may be paid by the Trustor or deducted from the assets of the Trust. Trustee shall have a lien for unpaid fees and expenses on such income.

In the event that Trustee and Trustor shall be unable to agree on compensation, Trustee shall be entitled to a fee equal to the amount previously agreed upon as an annual fee as partial payment.

Section 7.02 All taxes of any kind that may be levied or assessed under existing or future laws upon or in respect of the Trust assets or the income thereof may be paid by the Trustor or deducted from the assets of the Trust.

Expenses relating to the Trust assets, such as broker's commission, and similar items shall be paid from and shall constitute a charge upon the Trust assets.

ARTICLE VIII

NOTICE AND TERMINATION

Section 8.01 This Trust may be terminated at any time by joint written notice of termination from the Trustor and the Beneficiary to the Trustee.

Section 8.02 This trust will continue in full force and effect in any case until the expiration of twenty-one (21) years after the death of the last surviving person who was a shareholder of Trustor at the time of execution hereof. All amounts held in trust at termination will be returned to Trustor less any amounts due Trustee for fees or expenses.

Section 8.03 Notices will be personally delivered or mailed to the following address unless otherwise agreed.

Trustee: Security Pacific National Bank
Trust Department
333 South Hope Street
Los Angeles, California 90051

Trustor: Conrock Co.
3200 San Fernando Road
Los Angeles, California 90065

Beneficiary: City of Los Angeles
Attn: Director
Bureau of Sanitation
Room 1410
City Hall East
Los Angeles, California 90012

EXECUTED in triplicate at LOS ANGELES,
California, on the 22nd day of JUNE, 1979.

CONROCK CO.



By William Jenkins
Its PRESIDENT
Trustor

SECURITY PACIFIC NATIONAL BANK

By _____
Authorized Officer
Trustee

APPROVED:

Attorney for Trustee

SCHEDULE "A"

Trust Agreement No. _____

Trustee acknowledges receipt of the above described property.

SECURITY PACIFIC NATIONAL BANK

By _____
Authorized Officer

Trustor certifies that the foregoing Schedule referred to as "Schedule A" in the attached Trust Agreement signed by Trustor and dated _____ describes all of the property transferred to the Trustee under said Trust Agreement.

Date

Trustor



State of California
March Hong Eu
Secretary of State

P.O. Box 2830
Sacramento, CA 95812
Phone: (916) 445-2020

STATEMENT BY DOMESTIC STOCK CORPORATION

(THIS STATEMENT MUST BE FILED WITH CALIFORNIA SECRETARY OF STATE (SEC. 1502, CORPORATIONS CODE))

A \$5 FILING FEE MUST ACCOMPANY THIS STATEMENT.

WHEN COMPLETING FORM, PLEASE USE BLACK TYPEWRITER RIBBON OR BLACK INK

IMPORTANT — Please Read Instructions On Back Of Form

1.
3021300 DUE DATE 04-30-87 3502S
*
VALLEY RECLAMATION CO.
P O BOX 2950
LOS ANGELES, CA 90051

DO NOT ALTER PREPRINTED NAME. IF ITEM NO. 1 IS BLANK, PLEASE ENTER CORPORATE NAME

DO NOT WRITE IN THIS SPACE

THE CALIFORNIA CORPORATION NAMED HEREIN, MAKES THE FOLLOWING STATEMENT.

2. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE	ROOM NO.	2A. CITY & STATE	2B. ZIP CODE
3. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA (IF ANY)	ROOM NO.	3A. CITY CA	3B. ZIP CODE
4. MAILING ADDRESS	ROOM NO.	4A. CITY & STATE	4B. ZIP CODE

2. NAMES OF THE FOLLOWING OFFICERS ARE:

5. CHIEF EXECUTIVE OFFICER	5A. BUSINESS OR RESIDENCE ADDRESS	5B. CITY & STATE	5C. ZIP CODE
6. SECRETARY	6A. BUSINESS OR RESIDENCE ADDRESS	6B. CITY & STATE	6C. ZIP CODE
7. CHIEF FINANCIAL OFFICER	7A. BUSINESS OR RESIDENCE ADDRESS	7B. CITY & STATE	7C. ZIP CODE

INCUMBENT DIRECTORS, INCLUDING DIRECTORS WHO ARE ALSO OFFICERS (Attach supplemental list if necessary)

8. NAME	8A. BUSINESS OR RESIDENCE ADDRESS	8B. CITY & STATE	8C. ZIP CODE
9. NAME	9A. BUSINESS OR RESIDENCE ADDRESS	9B. CITY & STATE	9C. ZIP CODE
10. NAME	10A. BUSINESS OR RESIDENCE ADDRESS	10B. CITY & STATE	10C. ZIP CODE

11. THE NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY: _____

DESIGNATED AGENT FOR SERVICE OF PROCESS (Only one agent may be named)

12. NAME
13. CALIFORNIA BUSINESS OR RESIDENCE ADDRESS IF AGENT IS AN INDIVIDUAL. (DO NOT USE P.O. BOX) DO NOT INCLUDE ADDRESS IF AGENT IS A CORPORATION.
14. DESCRIBE TYPE OF BUSINESS OF THE CORPORATION.

15. I DECLARE THAT I HAVE EXAMINED THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT AND COMPLETE.

TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT

SIGNATURE

DATE

16. I DECLARE THERE HAS BEEN NO CHANGE IN THE INFORMATION CONTAINED IN THE LAST STATEMENT OF THE CORPORATION WHICH IS ON FILE IN THE SECRETARY OF STATE'S OFFICE. DOES NOT APPLY ON INITIAL FILING

(READ INSTRUCTIONS BEFORE COMPLETING THIS ITEM)

(CHECK HERE)

TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT

SIGNATURE

DATE



State of California

March Hong Eu

Secretary of State

P.O. Box 2830
Sacramento, CA 95812
Phone: (916) 445-2020

STATEMENT BY DOMESTIC STOCK CORPORATION

(THIS STATEMENT MUST BE FILED WITH CALIFORNIA SECRETARY OF STATE (SEC. 1502, CORPORATIONS CODE))

A \$5 FILING FEE MUST ACCOMPANY THIS STATEMENT.

WHEN COMPLETING FORM, PLEASE USE BLACK TYPEWRITER RIBBON OR BLACK INK

IMPORTANT — Please Read Instructions On Back Of Form

1. 3021300 DUE DATE 04/30/85 3265S

*
VALLEY RECLAMATION CO.
P. O. BOX 2950, TERMINAL ANNEX
LOS ANGELES, CA 90051

DO NOT ALTER PREPRINTED NAME. IF ITEM NO. 1 IS BLANK, PLEASE ENTER CORPORATE NAME

DO NOT WRITE IN THIS SPACE

THE CALIFORNIA CORPORATION NAMED HEREIN, MAKES THE FOLLOWING STATEMENT

2. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE 3200 San Fernando Road	ROOM NO.	2A. CITY & STATE Los Angeles, CA	2B. ZIP CODE 90065
3. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA (IF ANY) 3200 San Fernando Road	ROOM NO.	3A. CITY Los Angeles, CA	3B. ZIP CODE 90065
4. MAILING ADDRESS	ROOM NO.	4A. CITY & STATE	4B. ZIP CODE

THE NAMES OF THE FOLLOWING OFFICERS ARE:

5. CHIEF EXECUTIVE OFFICER William Jenkins	5A. BUSINESS OR RESIDENCE ADDRESS 3200 San Fernando Rd.	5B. CITY & STATE Los Angeles, CA	5C. ZIP CODE 90065
6. SECRETARY Scott J Wilcott	6A. BUSINESS OR RESIDENCE ADDRESS 3200 San Fernando Rd.	6B. CITY & STATE Los Angeles, CA	6C. ZIP CODE 90065
7. CHIEF FINANCIAL OFFICER John G.S. Mills	7A. BUSINESS OR RESIDENCE ADDRESS 3200 San Fernando Rd.	7B. CITY & STATE Los Angeles, CA	7C. ZIP CODE 90065

INCUMBENT DIRECTORS, INCLUDING DIRECTORS WHO ARE ALSO OFFICERS (Attach supplemental list if necessary)

8. NAME William Jenkins	8A. BUSINESS OR RESIDENCE ADDRESS 3200 San Fernando Rd.	8B. CITY & STATE Los Angeles, CA	8C. ZIP CODE 90065
9. NAME A. Frederick Gerstell	9A. BUSINESS OR RESIDENCE ADDRESS 3200 San Fernando Rd.	9B. CITY & STATE Los Angeles, CA	9C. ZIP CODE 90065
10. NAME Scott J Wilcott	10A. BUSINESS OR RESIDENCE ADDRESS 3200 San Fernando Rd.	10B. CITY & STATE Los Angeles, CA	10C. ZIP CODE 90065

11. THE NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY: _____

DESIGNATED AGENT FOR SERVICE OF PROCESS (Only one agent may be named)

12. NAME Scott J Wilcott

13. CALIFORNIA BUSINESS OR RESIDENCE ADDRESS IF AGENT IS AN INDIVIDUAL (DO NOT USE P.O. BOX) DO NOT INCLUDE ADDRESS IF AGENT IS A CORPORATION.
3200 San Fernando Road, Los Angeles, CA 90065

14. PRINCIPAL BUSINESS ACTIVITY OF THE CORPORATION:

Landfill

15. I DECLARE THAT I HAVE EXAMINED THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT AND COMPLETE.

SIGNATURE OF OFFICER OR AGENT

Secretary
TITLE

2/11/85
DATE

16. I DECLARE THERE HAS BEEN NO CHANGE IN THE INFORMATION CONTAINED IN THE LAST STATEMENT OF THE CORPORATION WHICH IS ON FILE IN THE SECRETARY OF STATE'S OFFICE. (READ INSTRUCTIONS BEFORE COMPLETING THIS ITEM)

(CHECK HERE)

SIGNATURE OF OFFICER OR AGENT

TITLE

DATE

NEWS RELEASE



FROM: **CalMat Co** • 3200 SAN FERNANDO ROAD • LOS ANGELES, CALIFORNIA 90065

AREA CODE 213 • 258-2777

CONTACT: Scott J Wilcott
(213) 258-2777

IMMEDIATE RELEASE

LOS ANGELES, CALIFORNIA, December 29, 1986 ... CalMat Co. (NYSX) announced today, December 29, 1986, that it has entered into an agreement in principle to sell all of the outstanding stock of its wholly owned subsidiary, Valley Reclamation Company to Waste Management of North America for \$48.4 million. The Company also announced that it intends to sell to Waste Management for \$12.9 million, approximately 200 acres of land in the San Fernando Valley Area of Los Angeles, on which Valley Reclamation conducts its operations. The land sale would be consummated subsequent to December 31, 1986. The two transactions would result in a after-tax gain to the Company of approximately \$33,000,000 of which \$27,500,000, or \$1.80 per share, would be reported in 1986.

CalMat said that these transactions are subject to the preparation of a definitive agreement, governmental approvals, and certain other conditions.

CalMat stated that it is selling its interest in Valley Reclamation Company as part of its plan to concentrate its resources in its primary businesses of producing and selling construction materials and expanding its property development activities. In this regard, it intends to use a part of the proceeds to complete the previously announced acquisition of Industrial Asphalt, a major producer and distributor of asphalt paving materials in California and Arizona.

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made as of the 31st day of December, 1986 between CalMat Co., a Delaware corporation, 3200 San Fernando Road, Los Angeles, California, 90065, hereinafter referred to as "Manager"), and David A. Pearre, as trustee under that certain Declaration of Trust for Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986 (herein referred to as either "Owner" or "Valley Reclamation Charitable Trust").

WHEREAS, Owner has purchased all of the outstanding stock of Valley Reclamation Co., a California corporation ("Valley"), which operates a sanitary landfill facility at 9227 Tujunga Avenue, Sun Valley, California 91532 (the "Facility").

WHEREAS, by a Stock Purchase Agreement (the "Stock Purchase Agreement") between Owner and Waste Management of North America, Inc., an Illinois corporation ("WMNA") dated as of December 31, 1986, a copy of which is attached hereto (the "Stock Purchase Agreement"), the Owner has agreed to sell Valley to WMNA.

WHEREAS, in anticipation of such a transfer of ownership from Owner to WMNA, the Owner has requested the Manager to assist Owner in managing Valley and operating the Facility on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Management. The Manager hereby agrees to use its best efforts to maintain the accuracy of the representations and warranties of the agreement of even date between Owner and Manager by which Owner acquired the stock of Valley, subject to the limitations set forth therein to operate the Facility and manage Valley for the account of Owner so as to permit the Owner to comply with its fiduciary responsibilities pursuant to the Stock Purchase Agreement, and to provide Owner with such reasonable inhouse professional services as it has historically provided to Valley.

2. Term and Termination. This Management Agreement shall commence on December 31, 1986 (herein the "Management Date") and shall terminate upon the occurrence of one of the following:

(a) The Closing Date (as defined in the Stock Purchase Agreement);

(b) The sale of the Facility by Owner to a person or entity other than WMNA;

(c) By mutual agreement of the parties; provided that in no event shall this Management Agreement extend beyond June 30, 1987.

Said termination date is herein referred to as the "Termination Date."

3. Compensation. The Manager shall be paid a fee for its services of \$5,000 per month during the term hereof plus

the out of pocket expenses incurred by Manager pursuant to paragraph 7(b) below.

4. Insurance, Employee Benefits. Manager and Owner agree that: (i) Manager is managing the Facility as the agent of Owner and that the employees at the Facility shall be employees of Valley and not Manager during the term of this Management Agreement; and (ii) Manager shall use its best efforts to assist Owner in maintaining all policies of insurance, including fire and extended coverage insurance on the Facility, worker's compensation, and comprehensive liability coverage at current levels, and in obtaining coverage for Owner and the trustee of Owner as additional insureds under such policies.

5. Licenses. Owner hereby authorizes Manager, as of the Management Date, to operate the Facility under all permits and licenses, and similar consents from any governmental authority (the "Agencies") having jurisdiction over the Facility. Owner retains full responsibility under said permits and licenses.

6. Indemnity. Manager assumes no responsibility under this Agreement except to use its best efforts to render the services called for hereunder in a manner reasonably satisfactory to Owner, and Manager shall not be liable or held accountable for any mistakes of fact or of law or for any loss or damage to Owner arising or resulting therefrom, except for gross negligence or wilfull misconduct of Manager.

7. Expenses.

(a) Legal Fees. If any legal action or any arbitration or other proceeding is brought to the enforcement of this Management Agreement, or because of an alleged or actual dispute, breach, default or misrepresentation in connection with any of the provisions of this Management Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

(b) Expenses. Owner shall reimburse Manager for all reasonable out of pocket expenses incurred or to be incurred by it in carrying out the services contemplated hereby. Owner shall be responsible for fees and expenses of any other person, whether or not retained by Manager on behalf of Valley in connection with the services to be provided by Manager hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Management Agreement to be executed as of the day and year first above written.

CALMAT CO., a
Delaware corporation

VALLEY RECLAMATION
CHARITABLE TRUST

By: [Signature]
Its President

By: [Signature]
Its Trustee

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET
LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

TELECOPIER (213) 614-8763

TLX 590773

ELN 62793268

CABLE ADDRESS LATHWAT

PAUL R. WATKINS (1899-1973)
DANA LATHAM (1898-1974)

CHICAGO OFFICE

SEARS TOWER, SUITE 6900
CHICAGO, ILLINOIS 60606
TELEPHONE (312) 876-7700
TELECOPIER (312) 993-9767

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400
NEWPORT BEACH, CALIFORNIA 92660-6415
TELEPHONE (714) 752-9100
TELECOPIER (714) 759-8891

NEW YORK OFFICE

53RD AT THIRD, SUITE 1000
885 THIRD AVENUE
NEW YORK, NEW YORK 10022-4802
TELEPHONE (212) 906-1200
TELECOPIER (212) 751-4864

SAN DIEGO OFFICE

701 "B" STREET, SUITE 2100
SAN DIEGO, CALIFORNIA 92101-8197
TELEPHONE (619) 236-1234
TELECOPIER (619) 696-8281

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 1200
WASHINGTON, D.C. 20036-1594
TELEPHONE (202) 828-4400
TELECOPIER (202) 828-4415

February 17, 1987

VIA MESSENGER

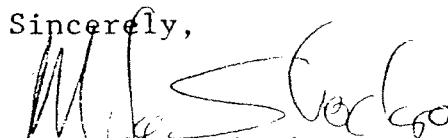
Scott J Wilcott
CalMat
3200 San Fernando Road
Los Angeles, California 90065

Dear Scott:

Pursuant to our conversation this afternoon, I have enclosed the "conformed" copies of the agreements sent to us by Wyman, Bautzer. These documents include the Stock Purchase Agreement containing Wyman's unauthorized revisions and are bound by a rubber band under a document entitled Exhibit "A". In addition, I have enclosed the Stock Purchase Agreement in the form it was in when it was executed on December 31 so you can compare it with the copy that you took with you from the closing.

Please give me a call if you have any questions about these enclosures.

Sincerely,


Michael J. Shockro
of LATHAM & WATKINS

Enclosures

STOCK PURCHASE AGREEMENT

December 31, 1986

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Exhibit B: Employee Benefit Plans

Exhibit C: 11/30/86 Balance Sheet;
11/30/86 Income Statement;
Pro Forma Balance Sheet

Exhibit D: Company Tax Elections

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Exhibit O: Map of Covenant Not to Compete

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Exhibit Q: Mutual Easement Agreement

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between the CALMAT CO., a Delaware corporation ("CalMat") and DAVID A. PEARRE, as trustee under that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986 (the "Trustee").

RECITALS

WHEREAS, CalMat owns all of the outstanding shares of stock (the "VRC Shares") of Valley Reclamation Co., a California corporation, including all predecessors, businesses acquired thereby or merged therein (the "Company"); and

WHEREAS, the Trustee desires to purchase and acquire the VRC Shares, and CalMat desires to sell and convey the VRC Shares;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENTS

ARTICLE I

Sale and Purchase

Section 1.1 On the basis of the representations and warranties and subject to the terms and conditions set forth in this Agreement, CalMat agrees to sell, transfer and deliver to the Trustee, and the Trustee agrees to purchase, acquire and accept from CalMat, the VRC Shares in consideration for the payment of the purchase price of Forty-Eight Million Four Hundred Thousand Dollars (\$48,400,000) (the "Price").

Section 1.2 The execution and delivery of the documents and consideration necessary to effectuate the transactions contemplated by this Agreement will take place at such time on December 31, 1986, or such earlier date as the parties hereto may agree upon (the "Closing" or "Time of Closing"), at the office of Wyman, Bautzer, Christensen, Kuchel & Silbert, 2049 Century Park East, Suite 1400, Los Angeles, California 90067, or at such other time or place as the parties hereto may agree upon.

Section 1.3 Subject to the terms and conditions set forth in this Agreement, the following steps will be taken by the parties, respectively, at the Time of Closing:

(a) CalMat will deliver to the Trustee duly executed certificates in valid form evidencing all of the VRC Shares,

duly endorsed in blank or accompanied by duly executed stock powers with the requisite stock transfer stamps, if any, attached and with signatures guaranteed by a bank located in or having a correspondent in Chicago, Illinois, or by a member firm of the New York or Midwest Stock Exchange; and

(b) The Trustee will deliver to CalMat the Price in the form of a cashier's check payable to CalMat Co.

ARTICLE II

Non-Environmental Representations and Warranties Of CalMat

It is understood that the representations and warranties contained in this Article II exclude any representations and warranties relating to the Handling of Wastes (as those terms are defined in Article III hereof), that CalMat is making no representations or warranties with respect to the Handling of Wastes except those contained in Article III, and that none of the representations or warranties contained in this Article II shall be deemed to be violated or breached as a result of Losses (as such term is defined in Section 5.3) incurred in connection with, arising out of or resulting from the Handling of Wastes. Subject to such understanding, CalMat represents and warrants to the

Trustee on the date hereof, and at the Time of Closing,
that:

Section 2.1 Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California, with full corporate power and authority to own or to hold under lease the properties it purports to own or to hold under lease, to operate its properties and to conduct its business as now being conducted. The business carried on by the Company and the assets owned by the Company are not such as to require that it be qualified to transact business as a foreign corporation in any other jurisdiction, and the Company is not so qualified.

Section 2.2 Capitalization. The authorized capital stock of the Company consists of two hundred fifty (250) shares of common stock. The only shares of common stock of the Company that are issued and outstanding are the VRC Shares which consist of two hundred and fifty (250) shares held beneficially and of record by CalMat. The VRC Shares have been duly authorized, and are validly issued, fully paid and nonassessable and free and clear of all preemptive rights, liens, claims, charges, security interests, encumbrances and equities.

Section 2.3 Subsidiaries. The Company has no subsidiary corporation and does not own any equity security, and does not have any investment in, loans or advances to,

or other interest in, directly or indirectly, any partnership, firm, corporation or other business organization and has no right or obligation to acquire such an interest.

Section 2.4 Agreements with Respect to VRC Shares.

Except for the "restrictive legend" on the VRC shares, there are no existing options, subscriptions, calls, warrants, rights, contracts, commitments, understandings, arrangements, or agreements of any nature to which the Company or CalMat are parties or by which they are bound, relating to the issuance, sale, delivery or transfer by the Company or CalMat of any VRC Shares or of any shares of capital stock of the Company or any other equity interest in the Company or any security representing the right to purchase or otherwise receive such shares or equity interest.

Section 2.5 Authority. CalMat has the capacity and power to execute, deliver and perform this Agreement. This Agreement has been duly and validly executed and delivered by CalMat and constitutes a valid and binding agreement of CalMat, enforceable against CalMat in accordance with its terms. Except for the "restrictive legend" on the VRC Shares, the VRC Shares are and as of the Time of Closing will be free and clear of all liens, claims, pledges, encumbrances, security interests or other rights or restrictions.

Section 2.6 Approvals and Consents. No approvals or consents of any nature of any party or entity are necessary

in connection with the transactions contemplated hereby. The parties acknowledge, however, that as a matter of protocol, it is desirable in due course to seek the approval of the Bureau of Sanitation of the City of Los Angeles for such transactions.

Section 2.7 Accounts, Contracts, Etc. Set forth in Exhibit A, attached hereto, is a description of all of the Company's:

(a) Customer account lists (including therewith a copy of the Company's standard form service agreement and all customer agreements not in conformity therewith);

(b) Contracts which are not terminable on less than six months notice or which involve the sum of at least \$10,000;

(c) Leases of real or personal property;

(d) Permits, licenses, franchises, authorizations, approvals and certificates, including any documents relating to any proposed amendments to any of the foregoing;

(e) Promissory notes, indentures, guarantees, letters of credit, installment obligations, bonds, mortgages, liens, pledges, security agreements, or other instruments relating to the borrowing of money or the guarantee of any obligation for the borrowing of money or the creation of any security interests;

(f) Collective bargaining or union agreements;

(g) Patents, trademarks, trade names, copyrights;

(h) Employment or consulting agreements;

(i) Agreements, contracts or other commitments that would limit the ability of the Company to compete in any line of business or with any person or in any geographical area or otherwise to conduct its business as presently conducted or to use or disclose any information in its possession;

(j) Pension, retirement, bonus, deferred compensation, stock purchase, profit sharing or similar plan; and

(k) Any other agreements and instruments which are binding on the Company or any of its property and pursuant to which it derives any material benefit.

Neither the Company nor any party thereto or bound thereby is in default under any of said instruments, and no act or event has occurred which with notice or lapse of time, or both, would constitute such a default. The Company is not a party to, nor is it or any of its property bound by, any other agreement or instrument which is material to the continued conduct of its business as now being conducted or with respect to which a default might materially and adversely affect its properties, business or financial condition. The instruments comprising Exhibit A confer on the Company all rights necessary to enable it to conduct its business as now being conducted.

With respect to all agreements, accounts and contracts comprising Exhibit A:

(i) Each is in full force and effect and legally binding upon the parties thereto;

(ii) The Company has not released any of its rights thereunder nor will any other party bound thereby be released from its obligations; and

(iii) A true, correct and complete copy has been supplied to the Trustee.

Section 2.8 Employee Benefit Plans. Except as otherwise disclosed on Exhibit B attached hereto, the employees of the Company do not participate in any employee benefit plan, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), nor in any other retirement, profit-sharing, deferred compensation, bonus, stock option, stock purchase or employee benefit plan or arrangement; the Company is not a member of a controlled group of corporations of which any member has terminated, or will terminate before the Closing Date, any plan subject to Title IV of ERISA; and the Company does not contribute to any "multiemployer plan," as defined in section 414(f) of the Internal Revenue Code or section 3(37) of ERISA, and has not made a complete or partial withdrawal from any multiemployer plan so as to incur withdrawal liability under section 4201 of ERISA (without regard to subsequent reduction or waiver of such liability under section 4207 or 4208 of ERISA).

Section 2.9 Financial Statements. The balance sheet of the Company dated November 30, 1986 (the "11/30/86 Balance Sheet"), the statement of income, profit and loss of the Company for the eleven (11) month period ended November 30, 1986 (the "11/30/86 Income Statement"), and the pro forma balance sheet of the Company dated December 31, 1986 (the "Pro Forma Balance Sheet"), which are attached hereto as Exhibit C:

(a) Are in accordance with the books of account and records of the Company;

(b) Fairly present the Company's financial condition and the results of its operations as at and for the period therein specified;

(c) Have been prepared in accordance with generally accepted accounting principles consistently applied;

(d) Do not include or omit to state any fact which renders such financial statements misleading; and

(e) Have been restated for purposes of the transaction to eliminate from the Pro Forma Balance Sheet the cash account and all intercompany balances (including current tax liabilities) that may have existed between the Company and the CalMat or any of its other subsidiaries and/or affiliates.

Except as and to the extent shown or provided for in the Pro Forma Balance Sheet or as disclosed in this Agreement, to the best of CalMat's knowledge, the Company has and will

have at the Time of Closing no liabilities or obligations (whether accrued, absolute, contingent, whether due or to become due or otherwise) which might be or become a charge against the assets and properties of the Company, including any "loss contingencies" considered "probable" or "reasonably possible" within the meaning of the Financial Accounting Standard Board's Statement of Financial Accounting Standards No. 5. To the best of CalMat's knowledge all reserves and allowances included in the 11/30/86 Balance Sheet and Pro Forma Balance Sheet are fully adequate, appropriate and reasonable.

Section 2.10 Liabilities and Accounts Receivable.

(a) To the best of CalMat's knowledge, the Company does not have any liabilities, fixed or contingent, secured or unsecured, other than liabilities fully reflected in the Pro Forma Balance Sheet; and

(b) Except to the extent of the related reserves reflected in the 11/30/86 Balance Sheet and the Pro Forma Balance Sheet, all accounts receivable of the Company reflected in the Pro Forma Balance Sheet are, to the best of CalMat's knowledge, valid accounts receivable and are fully collectible in the ordinary course of business and are subject to no refunds or other adjustments and to no defenses, rights of set off, assignments, restrictions or other conditions enforceable by third parties.

Section 2.11 Tax Returns. The Company has filed all federal and other tax returns required to be filed for all periods on or before the due dates of such returns (as extended by any valid extensions of time) and has paid all taxes shown to be due by said returns. Such returns reflect all taxes due and payable with respect to the periods covered thereby and there are no liabilities, claims, interest or penalties that have been assessed, asserted or threatened against the Company in connection with any such taxes, and to the best knowledge of CalMat there is no basis therefor. CalMat will file the Company's federal and other tax returns required to be filed for the period ending with the date of Closing, and will pay all taxes shown to be due by said returns. Such returns will reflect all taxes due and payable to and including the Time of Closing and there are no liabilities, claims, interest or penalties that have been assessed, asserted or threatened against the Company in connection with the taxes through the Time of Closing, nor is there any basis therefor to the best knowledge of CalMat. The reserves for taxes (federal, state and local) reflected in the Pro Forma Balance Sheet are adequate to cover any and all taxes, including deferred taxes, which may be assessed with respect to the property, business and operations of the Company for the period ended on December 31, 1986 and all prior periods. The federal income tax and state income or franchise tax returns of the Company have been examined and

closed for all years up to and including the 1983 taxable year, and the returns for the years thereafter have not been audited. The Company has not given or been requested to give waivers of any statutes of limitations relating to the payment of taxes for any taxable period which has not been examined and closed. Furthermore, to the best of CalMat's knowledge, no fact exists which would constitute grounds for assessment of any further tax liability. Set forth in Exhibit D hereto is a description of all elections made prior to the Time of Closing which may affect any future tax liability of the Company, and all documents pursuant thereto or in connection therewith have been made available to the Trustee.

Section 2.12 Insurance. Set forth in Exhibit E hereto is a list of all policies of liability, property damage, fire, workers' compensation/employer's liability, title or other forms of insurance owned or carried at any time by the Company and insurance agents and/or brokers providing such insurance coverage, including performance bonds. There are no letters of credit securing any obligations of the Company. The Company has at all times carried insurance and has complied with all applicable terms and conditions, including payment of premiums, with respect to such insurance policies. The Company has received no notification from any insurance carrier denying or disputing any claim made by the Company, denying or disputing any coverage

for any such claim, denying or disputing the amount of any claim, or regarding the possible cancellation of or premium increases with respect to any policies. The Company has no claim against any of the insurance carriers under any of such policies pending or anticipated and there has been no actual or alleged occurrence of any kind which may give rise to any such claim.

Section 2.13 Personal Property Owned or Leased. Set forth in Exhibit F hereto is a schedule which states as to the Company:

(a) The number and description of any equipment owned or leased;

(b) The number of vehicles used in its business together with information as to the make, description of body and chassis, model number, serial number, and year of each such vehicle; and

(c) The name and address of each customer it serves which provides more than 1% of its revenues.

There are no material assets used by the Company for the conduct of its business which are not either owned or leased by it.

Section 2.14 Real Property Owned or Leased. Exhibit G is a complete and accurate list or description of all real property which the Company leases. True and complete copies of all leases covering the real property described in Exhibit G have been delivered or made available

to the Trustee. The leases covering the real property described in Exhibit G are in full force and effect and there are no defaults thereunder. All real property and improvements thereon, whether leased or owned, are in sound structural condition and free of any material defects. There are no underground storage tanks on any real property leased by the Company. The Company does not own any real property.

Section 2.15 Ownership of Property. The Company has good and marketable title to or a valid leasehold interest in all of the properties and assets reflected in Exhibit F and Exhibit G.

Section 2.16 Legal Compliance. In regard to the property of the Company or the business operations of the Company:

(a) The Company is not in default under any law or ordinance, under any order of any court or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality wherever located (other than as may be described elsewhere herein); and there are no actual or threatened claims, actions, suits, proceedings, or notices against or affecting the Company or CalMat, at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or arbitration tribunal, wherever located, which may result in

any material adverse change in the financial condition, results of operations, or business of the Company or which may question the validity or propriety of this Agreement or of any action taken or to be taken in accordance with or in connection with this Agreement. All pending or threatened litigation and administrative or judicial proceedings of any nature involving the Company, its assets, liabilities or the VRC Shares are described on Exhibit I.

(b) The Company has operated from its inception, and will continue to operate through Closing, legally and in compliance with all conditions and requirements of all applicable zoning laws, federal, state and local permits, statutes, rules, regulations, policies, guidelines, orders, franchises, and consents.

(c) The Company is not subject to any judgement, writ, injunction, decree or other judicial order.

(d) No refuse disposal agreement, permit, consent or license between the Company and any governmental body shall be impaired or limited in any way by the transactions contemplated by this Agreement.

Section 2.17 Employee Matters. Set forth in Exhibit J attached hereto is the name, residence address and social security number and current rate of compensation of each of the Company's present employees and the capacity in which each person is employed. There is no pending or threatened dispute between the Company and any of its employees which

might materially and adversely affect the continuance of its business, and, other than as disclosed in Exhibit A, no collective bargaining or union agreement is in effect or is currently being negotiated by the Company. Except as designated on Exhibit J by asterisk, CalMat is not aware that any of such employees will not be available for employment by the Company after the Time of Closing on substantially the same terms as described in Exhibit J.

Section 2.18 Absence of Conflicts with Other Agreements. The execution and performance of this Agreement will not result in a breach of or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in the loss of any material right or benefit or result in the creation of any lien, encumbrance or charge under:

(a) Any charter, by-law, agreement (oral or written), commitment, covenant, franchise, garbage and refuse collection or disposal agreement, or other document to which the Company or CalMat is a party or by which the Company or any of its property or CalMat is bound (including, without limitation, any instrument referred to in Exhibit A); or

(b) Any decree, order or rule of any court or governmental authority, or statute, rule or regulation which is binding on the Company or CalMat or on any property of the Company or CalMat.

Section 2.19 Absence of Broker. No agent or broker or other person acting pursuant to authority of the Company or of CalMat is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement.

Section 2.20 Absence of Infringement. The Company has not infringed and is not now infringing, on any trade name, trademark, service mark, or copyright belonging to any person, firm or corporation.

Section 2.21 Absence of Conflict of Interests. Neither the Company nor CalMat nor any officer, director or employee of the Company or CalMat, nor any spouse, child, or other relative of any of them, has any direct or indirect interest in any competitor of the Company (other than CalMat) within the geographical area in which it currently conducts business, or in any supplier or customer of the Company (other than CalMat) or in any person from whom or to whom the Company leases any real or personal property (other than CalMat), or in any other person with whom the Company is doing business (other than CalMat); provided, however, that this Section shall not apply to an ownership interest in 5% or less of the outstanding shares of any corporation if such shares are available to the general public.

Section 2.22 No Untrue Statement. No representation or warranty by CalMat in this Agreement, nor any statement, certificate, exhibit or list furnished or to be furnished to

the Trustee pursuant hereto or in connection with the transactions contemplated hereby and referred to in this Agreement, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading or necessary in order to provide the Trustee with the proper information as to the Company and its officers. CalMat acknowledges that the Trustee is entering into this Agreement in reliance upon CalMat's representations and warranties in this Agreement.

Section 2.23 Net Worth. All obligations of the Company have been incurred in the ordinary course of business. As of the Time of Closing the net worth of the Company will not be less than \$7,300,000.

Section 2.24 Books and Records. All books and records of the Company have been delivered or made available to the Trustee and his representatives for review and have been maintained in accordance with good business practice.

ARTICLE III

Environmental Representations and Warranties of Cal Mat

Section 3.1 Certification of Off-Site Waste Storage, Treatment or Disposal Locations and On-Site Waste Storage, Treatment or Disposal Activities. Set forth on Exhibit K hereto is a complete and accurate list of (i) locations (identified by address, owner/operator, type of facility,

type of waste, and period of time the facility was used) to which the Company has ever transported, or ever caused to be transported, allowed or arranged for any third party to transport, any type of waste material, generated by the Company's customers or the Company, for storage, treatment, burning, recycling or disposal, and (ii) storage, treatment, burning, recycling or disposal activities which the Company has undertaken, at any time, at locations then or presently owned or occupied by the Company (such list to include property address, nature of the Company's interest in property, current owner of the property, nature of the activity conducted at such location, type and form of waste, volume of waste disposal on or in ground, and period of time the activity was conducted).

Section 3.2 Road Oiling Activities. Except with respect to the application of Weslig, a dust control agent, at the Company's real property described in Exhibit G, the Company has not engaged in any manner or respect in any application of oil or hazardous substances on roads, or in any application of oil or hazardous substance for dust control or paving purposes.

Section 3.3 Remedial Action Claim Notices Received. The Company has not received any notification (including written requests for information directed to the Company) from any governmental agency asserting that Company is or may be a "potentially responsible person" or otherwise

liable with respect to a remedial action or the payment of response costs at a waste storage, treatment or disposal facility, pursuant to the provisions of the Comprehensive Environmental Response, Compensation and Liability Act, as from time to time amended, or any similar Federal or State statute assigning responsibility for the costs of investigating or remediating releases of contaminants into the environment.

Section 3.4 PCBs and Hazardous Wastes. The Company does not (i) have pending or on file any application to treat, incinerate or dispose of polychlorinated biphenyls ("PCBs"), (ii) hold any permit, license or right to incinerate PCBs or to landfill Hazardous Wastes (as hereinafter defined), (iii) engage (and has not engaged) in the landfilling of Hazardous Wastes or the incineration of PCBs, or (iv) engage (and has not engaged) in any road oiling activities nor has it applied or used oil or hazardous substances for dust control or paving purposes (except with respect to the application of Weslig). For purposes of this Section 3.4, the term "Hazardous Waste" means those waste products which exhibit the characteristics identified in 40 C.F.R. §§ 261.21, 261.22, 261.23, 261.24 or which are listed in 40 C.F.R. §§ 261.31, 261.32, 261.33, and revisions thereof, and those waste products which contain PCBs.

Section 3.5 No Known Violations. Except as disclosed or referred to in Exhibit H to this Agreement, to

the best of the knowledge of the current officers and directors of CalMat and George Cosby, general manager of the Company's Valley Reclamation Operations, (1) the Company has not been responsible for any violation of any applicable federal, state or local law, regulation or ordinance relating to the production, use, generation, transportation, storage, treatment, disposal or other handling or disposition of any kind (collectively "Handling") of wastes or substances of any kind (collectively "Wastes"), including without limitation the direct or indirect effects of such Handling of Wastes on natural resources, persons or property within or outside the boundaries of any real property at any time owned, leased or operated by the Company; (2) no real property at any time owned, leased or operated by the Company has been in violation of any such law, regulation or ordinance; (3) the Company has not been responsible for the transportation, storage, treatment or disposal of Wastes to or at any location designated for remedial action pursuant to any state or federal Superfund law or regulation; and (4) the Company has not been responsible for any violation of any other applicable legal requirements relating to the closure of any Waste Handling site on any real property at any time owned, leased or operated by the Company. There is no duty to investigate or otherwise inquire that is imposed by this representation and warranty.

ARTICLE IV

Representations and Warranties of the Trustee

Section 4.1 The Trustee has the requisite power and authority, as trustee under and pursuant to that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity dated December 30, 1986, to enter into this Agreement and to purchase and own the VRC Shares.

Section 4.2 All actions required to be taken by the Trustee necessary for the execution and delivery of this Agreement and the performance by the Trustee of all of his respective obligations under this Agreement have been duly and validly taken.

ARTICLE V

Additional Agreements of CalMat

CalMat covenants and agrees with the Trustee as follows:

Section 5.1 Except as hereinafter provided, CalMat will deliver or cause to be delivered to the Trustee at the Time of Closing:

(a) Except as may be otherwise requested by the Trustee, the written resignations of all officers and directors of the Company as of the Time of Closing;

(b) A certificate of good standing for the Company from the California Secretary of State within fifteen (15) days after Closing;

(c) Certified copies of the Company's Articles of Incorporation, as amended from time to time, certified as true and correct by the Secretary of the Company at the Time of Closing and by the Secretary of State of California, within fifteen (15) days after Closing;

(d) Certified copies of the by-laws of the Company, in force and effect at the Time of Closing, certified as true and correct by the Secretary of the Company;

(e) The Complete minute books of the Company, containing all records required to be set forth of all proceedings, consents, actions and shareholder and board of director meetings, certified as true and correct by the Secretary of the Company;

(f) The complete stock issuance and transfer books of the Company setting forth the issuance and all transfers of any capital stock of the Company, certified as true and correct by the Secretary of the Company;

(g) Uniform Commercial Code and Judgment searches covering CalMat and the Company, dated within fifteen (15) days after Closing;

(h) A General Release of CalMat and of each officer and director of the Company releasing all claims of any kind each has or may have against the Company;

(i) An Authorization of Inspection authorizing the Trustee and its authorized representatives to collect, from

whatever source, any and all documents pertaining to the creation, operation or maintenance of the Company;

Section 5.2 CalMat will pay all expenses incurred by CalMat and the Company, in connection with the negotiation, execution and performance of this Agreement, whether or not the transactions contemplated hereby are consummated, including the fees and expenses of agents, representatives, accountants and counsel for CalMat and for the Company.

Section 5.3 From and after the Time of Closing, CalMat will indemnify and hold the Trustee, the Company and their respective subsidiaries, divisions, affiliates, officers, directors, agents, employees, successors and assigns harmless from and against any costs, losses (including, without limitation, diminutions in value), liabilities, damages, lawsuits, deficiencies, claims and expenses (whether or not arising out of third-party claims), including without limitation, interest, costs of remedial action, penalties, reasonable attorneys' fees and all amounts paid in investigation, defense or settlement of any of the foregoing (hereafter collectively referred to as "Losses") incurred in connection with, arising out of or resulting from:

(a) the breach of any of the CalMat's representations, warranties, agreements or obligations contained in this Agreement.

(b) (i) the production, use, generation, transportation, storage, treatment, disposal or other handling or disposition of any kind (collectively "Handling") before or after the Time of Closing of any wastes or substances of any kind (collectively "Wastes") at any real property at any time owned, leased or operated by the Company, other than the real property described in Exhibit G or the real property described in the Right of First Refusal Agreement attached as Exhibit N (the real property described in Exhibit G and Exhibit N are collectively referred to as the "Excluded Sites"), including without limitation the direct or indirect effects of such Handling of Wastes on natural resources, persons or property within or outside the boundaries of such real property other than the Excluded Sites, or (ii) the failure at any time before or after the Time of Closing of any of the facilities or real property at any time owned, leased or operated by the Company, other than the Excluded Sites, to be in compliance with any federal, state or local law, regulation or ordinance applicable to the Handling of Wastes, or (iii) the failure at any time before or after the Time of Closing of any of the facilities or real property at any time owned, leased or operated by the Company, other than the Excluded Sites, to be in compliance with any other applicable legal requirements relating to the closure of any Waste Handling site.

CalMat will give the Trustee notice of each time that CalMat becomes aware of any fact or circumstance which may give rise to an indemnity by CalMat under this Section and a copy of any claim made which may result in an indemnity by CalMat pursuant to this Section. Anything in this Section 5.3 to the contrary notwithstanding, CalMat shall have no obligation to indemnify the Trustee until Trustee asserts a claim or claims for indemnity by CalMat which either individually or in the aggregate exceed \$100,000 and such indemnity shall cover only the portion of such claims in excess of \$100,000 in the aggregate. For purposes of the above indemnity, indemnifiable claims (including such claims which shall apply against the \$100,000 deductible) shall only include such claims or portion thereof which are not reimbursed by insurance. Reimbursement shall not be deemed to have occurred as to any policy of insurance having a retrospective adjustment feature.

Section 5.4 CalMat agrees that with respect to any liabilities or obligations of the Company which are covered by CalMat's insurance, CalMat shall retain responsibility for such liabilities and obligations.

Section 5.5 CalMat agrees that for a period of five (5) years after the Time of Closing, CalMat will not engage (as an individual or as a stockholder, trustee, partner, financier, agent, employee or representative of any person, firm, corporation or association), or have any interest,

direct or indirect, in any business in competition with the business of the Company as that business is constituted at the Time of Closing (whether or not such business is subsequently carried on by the Company, by any successor or successors to such business or by an assignee of the Trustee) in any area east of the west boundary of the City of Los Angeles, south of the north boundary of the City of Los Angeles, south and west of the south and west boundaries of the Angeles National Forest, west of California Route 19 and imaginary lines that extend straight north and straight south from the respective northerly and southerly ends of Route 19 to the Angeles National Forest and to the Pacific Ocean, and north of the Pacific Ocean (such area is depicted on Exhibit O attached hereto); provided that this Section shall not prevent CalMat from owning or operating CalMat's existing inert debris and/or incinerator ash disposal facility located east of Glenoaks Boulevard, north of Peoria Street and south of Sheldon Avenue, the Sheldon Pit located east of Glenoaks Boulevard, north of Sheldon Avenue and south of Hanson Dam, or the filling of CalMat's property known as the "Boulevard Property" by the City of Los Angeles; and further provided that this Section shall not prevent CalMat from acquiring and holding not to exceed 5% of the outstanding shares of any corporation engaged in such a competitive business if such shares are available to the general public.

CalMat's above-described covenant not to compete with the Company may be renewed and extended for up to three (3) successive five (5) year periods by the Company notifying CalMat of its election to extend such covenant not to compete for an additional five (5) year period at any time within sixty (60) days prior to the end of a five (5) year period together with the tender of payment of One Thousand Dollars (\$1,000.00) with such notice. The original covenant not to compete and each successive renewal thereof shall be treated as separate covenant. In the event that any such covenant shall be declared by a court of competent jurisdiction to be unenforceable, such declaration shall not affect the covenant with respect to any other period, as such other covenants shall be construed to be severable and independent. To the extent that any elements of a covenant should be found unreasonable, the parties agree that a lesser restriction, found to be reasonable, may be enforced against CalMat.

In the event of a breach of any covenant contained in this Section, the Trustee shall be entitled to an injunction restraining such breach in addition to any other remedies provided by law or equity.

Section 5.6 CalMat shall use its best efforts and reasonably cooperate with the Trustee after the Time of Closing in the investigation and defense of any claim or action against the Trustee or any of its successors or

assigns predicated in whole or in part upon the acts or omissions of the Company prior to the Time of Closing.

Section 5.7 CalMat shall use its best efforts to operate the real property described in the Right of First Refusal Agreement attached hereto as Exhibit N in compliance with any and all federal, state or local law, regulation or ordinance relating to the Handling of Wastes. CalMat further acknowledges and agrees that at no time on or before the Time of Closing was the above described real property operated by the Company while the Company was owned or otherwise controlled by Waste Management of North America, Inc. or any of its subsidiaries or affiliates.

ARTICLE VI

Additional Agreements of the Trustee

Section 6.1 The Trustee will pay all expenses incurred by it in connection with the negotiation, execution and performance of this Agreement, whether or not the transaction contemplated hereby is consummated, including the fees and expenses of its counsel and auditors.

Section 6.2 In connection with the obligations of CalMat to indemnify the Trustee in accordance with the provisions of Section 5.3 of this Agreement, the Trustee agrees that it will advise CalMat of any claim made by others which might result in the breach of any representation, warranty or obligation contained in this Agreement and CalMat shall

have the right, by written notice delivered to the Trustee within ten days after CalMat has been advised of such claim as herein provided, to undertake the defense of such claim at the expense of CalMat.

Section 6.3 The Trustee acknowledges that the Company will file its tax returns for all periods following the date of Closing and will pay all taxes shown to be due by such returns.

ARTICLE VII

Conditions Precedent to Obligations of the Trustee

The obligations of the Trustee to effect the transaction contemplated by this Agreement shall be subject to the fulfillment at or prior to the Time of Closing of each of the following conditions:

Section 7.1 The Trustee shall have received a favorable opinion from counsel for CalMat, dated the day of the Closing, in substantially the form attached hereto as Exhibit P.

Section 7.2 The Trustee and CalMat shall have entered into a Management Agreement substantially in the form of Exhibit L hereto, pursuant to which CalMat will manage the operations of the Company.

Section 7.3 The Company and CalMat shall have entered into an Operating Agreement substantially in the form of Exhibit M hereto.

Section 7.4 The Company and CalMat shall have entered into a Right of First Refusal Agreement substantially in the form of Exhibit N hereto.

Section 7.5 The Company and CalMat shall have entered into a Mutual Easement Agreement in the form of Exhibit Q hereto.

ARTICLE VIII

Conditions Precedent to Obligations of CalMat

The obligations of CalMat to exchange VRC Shares in accordance with this Agreement shall be subject to the payment of the Price in accordance with Section 1.1.

ARTICLE IX

Conditions Subsequent

It is the intention of the Trustee to assign all of its right, title and interest in and pursuant to this Agreement and to transfer and deliver the VRC Shares transferred and delivered hereunder to Waste Management of North America, Inc., or its nominee ("Waste Management"), provided that Waste Management assumes all of the Trustee's obligations under this Agreement. This assignment and transfer will be subject to the prior fulfillment of the condition identified below which is hereby designated by the parties to this Agreement to be a condition subsequent to this Agreement, the non-occurrence or non-fulfillment of which shall afford

the Trustee the right to rescind this transaction in its entirety.

The condition subsequent is as follows: The parties shall have caused to be submitted to the Federal Trade Commission (the "FTC") and the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice all premerger notification filings required to comply with the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and the Final Judgment entered in United States v. Waste Management, Inc., et al., Civil No. 84-2832 (D.D.C.) (the "Final Judgment"); the prescribed notice waiting periods under the HSR Act and the Final Judgment with respect to the transactions contemplated by this Agreement shall have expired or have been terminated; and there shall be no pending or threatened governmental or private action or proceeding to, and no injunction which does, restrain or prohibit the transactions contemplated by this Agreement. The parties do not anticipate any such action or proceeding and will take all steps which may be necessary to satisfy any inquiry which may result from the filings contemplated hereby.

If the Condition Subsequent does not occur or is not fulfilled, the Trustee or its assignee shall have the unconditional and absolute right to require CalMat to repurchase the VRC Shares from the Trustee for an amount equal to the Price less any amounts necessary to compensate CalMat for any

diminution in the net worth of the Company caused by any act or omission of the Trustee or the Company since the Time of Closing, provided that any such reduction in the Price shall not include any diminution caused by any failure of CalMat to use its best efforts as required under paragraph 1 of the Management Agreement between CalMat and the Trustee dated December 31, 1986. Such right shall be exercised on or before March 1, 1987, by written notice from the Trustee or its assignee to CalMat certifying that the Condition Subsequent did not occur or was not fulfilled. Within forty-eight hours of the date such notice is given, CalMat shall deliver to the Trustee or its assignee, by wire transfer to a bank account designated in writing by the Trustee or its assignee, an amount equal to the Price, and the Trustee shall deliver to CalMat duly executed certificates in valid form evidencing all of the VRC Shares, duly endorsed in blank or accompanied by duly executed stock powers with the requisite stock transfer stamps, if any, attached.

ARTICLE X

Other Provisions

Section 10.1 All of the respective representations and warranties of the parties to this Agreement shall survive the Time of Closing, and the consummation of the transactions contemplated by this Agreement.

Section 10.2 The parties to this Agreement agree to act in good faith and to mutually cooperate with each other in order to effectuate the purposes of this Agreement. Each party agrees to undertake such further acts and to execute and deliver to the other such additional assignments, agreements, and instruments as the other may reasonably require or deem advisable to carry into effect the purposes of this Agreement.

Section 10.3 For purposes of this Agreement, whenever the term "material" or the concept of "materiality" is used, it shall be deemed by the parties to refer to a matter which involves a sum of at least Ten Thousand Dollars (\$10,000.00).

Section 10.4 Either CalMat or the Trustee may extend the time for or waive the performance of any of the obligations of the other, waive any inaccuracies in the representations or warranties by the other, or waive compliance by the other with any of the covenants or conditions contained in this Agreement. Any such extension or waiver shall be in writing and signed by CalMat or by the Trustee. No such waiver shall operate or be construed as a waiver of any subsequent act or omission of the parties hereto.

Section 10.5 Any notice to a party hereto pursuant to this Agreement shall be given by certified or registered mail, or by private courier service requesting evidence of receipt as a part of its service, addressed, to each

respective party at its respective address appearing on the signature page hereof.

Section 10.6 This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable in the case of contracts made and to be performed in such state.

Section 10.7 This Agreement shall inure to the benefit of, and be binding on and enforceable against the heirs, legal representatives and assigns of CalMat and the successors and assigns of the Trustee.

Section 10.8 This Agreement (including the exhibits hereto) and the documents and schedules delivered pursuant hereto constitute the entire Agreement and understanding between the parties, and supersedes any prior agreement and understandings relating to the subject matter hereof. This Agreement may be modified or amended by a written instrument executed by all parties hereto.

Section 10.9 If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

Section 10.10 This Agreement may be executed simultaneously in two or more counterparts, each of which shall be

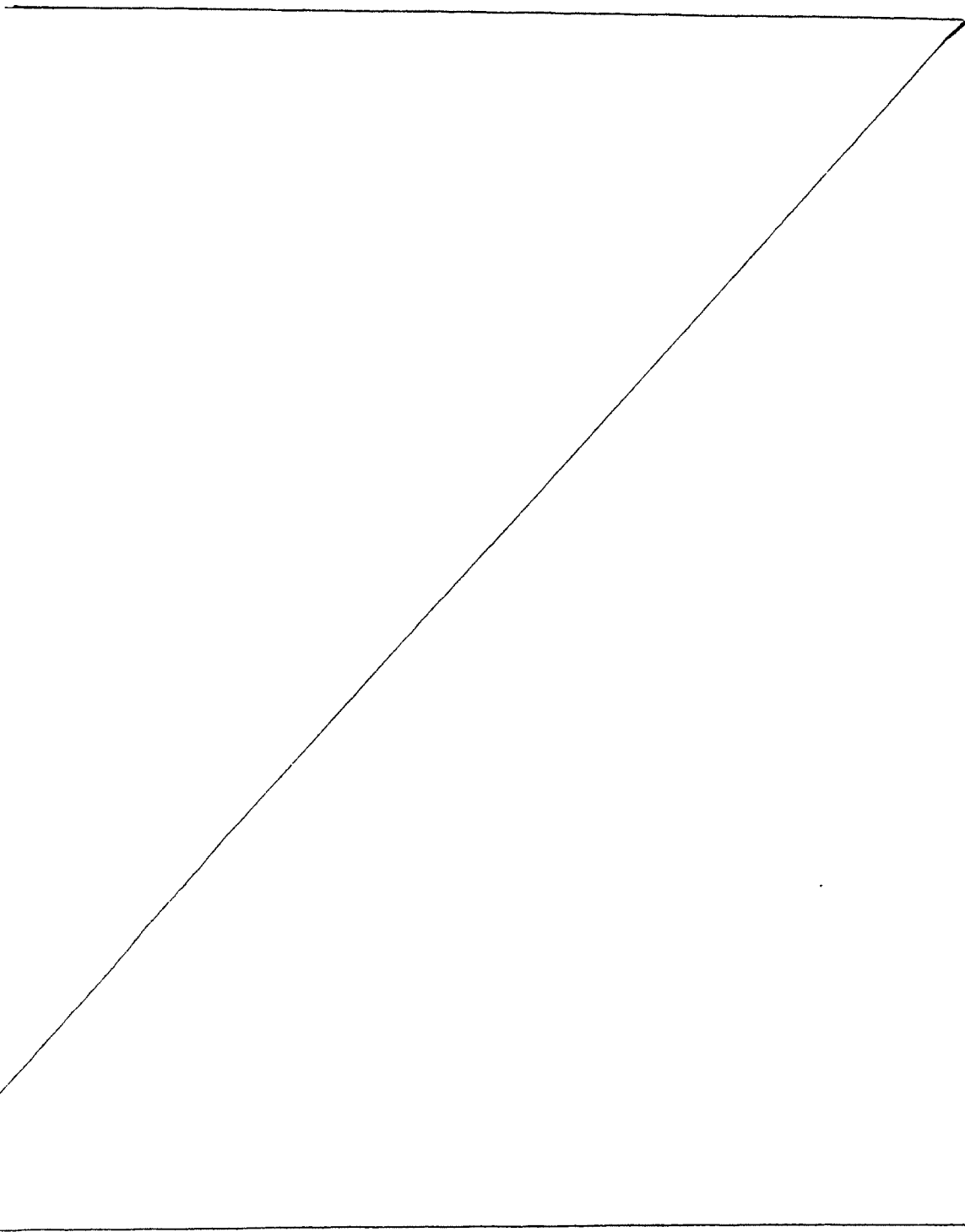
deemed an original and all of which together shall constitute but one and the same instrument.

Section 10.11 If any legal action or any other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

Section 10.12 The subject headings of the paragraphs and sections of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 10.13 Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors, legal representatives and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provisions given any third persons any rights of subrogation or action over or against any party to this Agreement.

Section 10.14 As used in this Agreement, the term CalMat refers to the undersigned identified as "CalMat," jointly and severally, unless the context otherwise requires



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and as used in this Agreement, the term "Company" shall include all predecessors to the Company or businesses acquired by or merged into the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

CALMAT:

THE TRUSTEE:

CAL. MAT. CO.

By

Scott J. Wilcox
Gen. Mgr. President

(Name) SCOTT J. WILCOX

(Address) 3200 SAN FERNANDO RD.

Los Angeles CA 90065

By

David A. Pearce

(Name) DAVID A. PEARCE

(Address) 12109 ST. ANDREW DR.

POWAY, CA 92064

Exhibit "A"

1. Stock Purchase Agreement dated as of December 31, 1986 by and between CalMat Co. ("CalMat") and David A. Pearre, as Trustee under that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986 ("Trustee").
2. Stock Purchase Agreement dated as of December 31, 1986 by and between Trustee and Waste Management of North America, Inc. ("WMNA").
3. Promissory Note dated December 30, 1986, executed by Trustee in favor of WMNA in the original principal amount of \$48,400,000.
4. Declaration of Trust dated December 30, 1986 by Trustee and CalMat.
5. Agreement of Purchase and Sale of Parcel 1 and Joint Escrow Instructions by and between CalMat, as Seller, and Valley Reclamation Co. ("Valley"), as Buyer.
6. Agreement of Purchase and Sale of Parcel 2 and Joint Escrow Instructions by and between CalMat, as Seller, and Valley, as Buyer.
7. Agreement of Purchase and Sale of Parcel 3 and Joint Escrow Instructions by and between CalMat, as Seller, and Valley, as Buyer.
8. Operating License Agreement dated as of December 31, 1986 by and between CalMat and Valley.
9. Memorandum of Operating Agreement dated as of December 31, 1986 executed by CalMat and Valley.
10. Management Agreement dated as of December 31, 1986 by and between CalMat and Trustee.
11. Indemnification Agreement dated as of December 31, 1986 by and between CalMat and Waste Management, Inc.
12. Reciprocal Easement Agreement dated as of December 31, 1986 by and between CalMat and Valley.
13. Agreement Granting Right of First Refusal dated December 31, 1986 by and between CalMat and Valley.

14. Opinion of Counsel dated December 31, 1986
given to Trustee by counsel for CalMat.

15. Opinion of Counsel dated December 31, 1986
given to CalMat by counsel for Waste Management, Inc.

DECLARATION OF TRUST
FOR PURCHASE OF STOCK
OF
VALLEY RECLAMATION CO.

AND
DISTRIBUTION OF REMAINING FUNDS TO CHARITY

David A. Pearre, who together with the successors and alternates named herein shall be hereafter referred to as "trustees" does hereby acknowledge and declare that CalMat Co., a Delaware corporation ("CMC"), hereinafter referred to as "Settlor" has transferred and delivered without consideration the sum of \$10,000 to the Trustees, in trust on the following terms and conditions.

SECTION I

TRUST IRREVOCABLE

This trust is irrevocable and may not be altered or amended; provided, however, that any administrative duties or powers which do not enlarge or reduce the rights of the Settlor hereunder or the beneficiaries under this trust, in order to effectuate the provisions hereof may be altered or amended with the written approval of the Settlor. Settlor shall have no residuary or reversionary rights hereunder.

SECTION II

TRANSFER OF STOCK AND PAYMENT OF PURCHASE PRICE

A. Upon the establishment of this trust, the Settlor shall transfer and deliver to the trustees hereunder 250 shares (the "stock") of Valley Reclamation Co., a California corporation ("VRC"), which constitutes all of the issued and outstanding capital stock of VRC, which stock is wholly owned by the Settlor and upon such transfer and delivery, the trustee shall concurrently therewith transfer and deliver the sum of \$48,400,000 to the Settlor in full satisfaction of the purchase price of all of said outstanding capital stock of VRC, and upon the transfer of said shares and the payment of the sum of \$48,400,000, the Settlor shall have no further interest in this trust whatsoever. The Shares shall be transferred and the purchase made by the trustees in accordance with the terms and the provisions of the Stock Purchase Agreement attached hereto as Exhibit "A."

B. Upon the establishment of this trust, it is intended that the trustees will receive a loan in the amount of \$48,400,000 from Waste Management of North America, Inc. ("WMNA") and that the trustees will deliver to WMNA a promissory note in the form attached hereto as Exhibit "B," the borrowings of which will be used to pay the purchase price for the stock of VRC.

C. Upon the establishment of this trust, it is intended that the trustees will enter into a Stock Purchase

Agreement in the form attached hereto as Exhibit "C" to purchase the stock of VRC from the trust, and shall file a Notification and Report Form in connection therewith as required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act"). Pursuant to the terms of that Agreement, the trustees shall transfer and deliver to WMNA all of the stock of VRC purchased from CMC as set forth in paragraph A above, and upon such transfer, the promissory note issued by the trustees hereunder to WMNA in the principal amount of \$48,400,000 shall be automatically cancelled and deemed paid in full.

D. Upon such transfer of the stock of VRC to WMNA, this trust shall terminate and be of no further force or effect and any and all remaining assets in this trust shall be distributed to charity pursuant to the provisions of Section II G hereof.

E. In the event, prior to the expiration of the waiting period as provided in the Act, an injunction is issued to the trustees or any of the parties hereto which prohibits or restricts the transfer to WMNA of the stock of VRC purchased from CMC, the trustees shall continue to hold the stock until such time as such injunction, if any, is removed by judicial process or otherwise. In the event the injunction is not removed and becomes part of a final judgment of a court of competent jurisdiction, then the trustees shall continue to hold and manage the stock and

take such action as may be appropriate to sell or otherwise transfer the stock in a manner consistent with the directions, if any, contained in such judgment, the cash and other assets received by the trustees in exchange for selling or transferring all or a portion of the stock of VRC shall be used to repay the loan to WMNA, plus interest thereon, and the excess, if any, shall be distributed pursuant to Section II G, below.

F. Following the transfer of the stock of VRC to the trustees, the trust shall be the beneficial owner of such stock, and shall enjoy the right to any increase in value in the stock in the event it is sold or otherwise disposed of pursuant to Section II E above, the right to any dividends which may be declared during the period in which the trust holds the stock, the right to vote the stock or to determine who may vote the stock, and the power to dispose of the stock consistent with any obligations it may enter into pursuant hereto. Likewise, in the event the stock is disposed of pursuant to the terms of Section II E, above, the trust bears the risk of loss on such disposition.

G. Upon the disposition of the stock pursuant to the provisions of Section II C or II E hereof, any and all remaining assets in this trust shall be distributed to Childrens Hospital.

H. The trustee shall have no liability to any of the parties hereto in acting in their capacity as trustees.

I. The purchase of the stock by the trustees hereunder from CMC of the stock of VRC shall be deemed a completed transaction upon the delivery of the stock to the trustees and the payment to CMC of the sum of \$48,400,000.

J. In the event the transfer of the Shares and the purchase of the stock from CMC is not effected prior to 11:30 P.M. on December 31, 1986, then the provisions of this trust shall be deemed entirely of no force and effect.

SECTION III

LAW TO GOVERN TRUST

This trust is made in California and shall be governed, construed and administered according to California domestic laws even though administered elsewhere. The California laws applied shall not include any principles or laws relating to conflicts or choice of laws.

SECTION IV

REGULATION OF TRUSTEES

A. David A. Pearre is hereby designated as original trustee of the trust hereunder, and in the event of his death, inability or refusal to act as Trustee George Marteon is hereby designated the successor trustee with all the same rights, privileges and duties of original trustee hereunder. While the original trustee is acting, that

trustee shall have the power to appoint or designate additional current or successor trustees, individual or corporate, to act with the original trustee as co-trustees, or to act as sole trustee then or in the future, and to remove any such trustee so appointed or alter any such designation. The original trustee may also resign and thereafter appoint, designate or remove trustees or co-trustees and reinstate the original trustee as sole trustee or a co-trustee. There shall be no limit on the number of times the original trustee may exercise the foregoing powers.

If there is a vacancy in the position of trustee which is not filled under the foregoing provisions, then a court of competent jurisdiction shall appoint a successor trustee upon the application of CMC.

B. The trustees and successor trustees and co-trustees, and successors thereof, may resign by giving written notice to CMC or by filing the appropriate petition with the court having jurisdiction over the trust. In the event of such resignation the resigning trustees shall convey the trust estate to the successor trustees.

C. No bond or other security shall be required of any trustees or alternate or successor trustees, whether acting jointly or alone and whether named herein or not.

D. No successor trustees shall be obligated to examine the accounts, records or acts of any previous trustees, or any allocation of the trust estate and the

income thereof, made by any previous trustees, and such successor trustees shall in no way or manner be responsible for any act or omission to act on the part of any previous trustees. Trustees shall be responsible only for their own acts or omissions in bad faith.

E. No one dealing with the trustees need inquire concerning the validity of anything they purport to do, or need see to the application of any money paid or property transferred to or upon the order of one or more trustees.

F. Trustees may receive reasonable compensation and reimbursement for expenses. Such compensation and reimbursement for expenses shall be paid from and be a proper expense of the trust.

SECTION V

POWERS OF THE TRUSTEES

With regard to the trust created or referred to herein, or subject to the express provisions herein set forth the trustees shall have all of the rights, powers and privileges an absolute owner would possess, subject always to the trustees' fiduciary duties. Without in any way, implicitly or explicitly, limiting the broad power hereby given, the trustees shall have all the power of trustee as set forth in Section 1120.2 of the California Probate Code. Trustees' power to cause VRC to declare dividends shall be limited to amounts necessary to pay interest on the promissory note, reasonable expenses and trustee's fees.

SECTION VI
JURISDICTION

The Probate Court shall have jurisdiction to consider petitions concerning the trust created by this instrument, and the provisions of Article 2.5 of Chapter 19 of Division 3 of California Probate Code shall be applicable.

SECTION VII
COUNTERPARTS

To the same effect as if it were the original, anyone may rely upon a copy certified by a trustee or by a notary public to be a counterpart of this instrument or of any document required to be filed with or to be kept at the office of the trustees. Anyone may rely upon any statements of fact concerning the trust certified by anyone who appears from the original document or a certified copy to be a trustee or an alternate or successor thereto then acting hereunder.

EXECUTED this 30th day of December, 1986.

Trustees

The Settlor, by its duly authorized agent, hereby certifies that the Settlor has read the foregoing Declaration

of Trust and that it correctly sets forth the terms and provisions of the trust and requests the trustees to execute it.

CALMAT CO.

By: _____

Its: _____

Settlor

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between WASTE MANAGEMENT OF NORTH AMERICA, INC., a Delaware corporation ("WMNA") and DAVID A. PEARRE, as trustee under that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986 (the "Trustee").

RECITALS

WHEREAS, the Trustee owns all of the outstanding shares of stock (the "VRC Shares") of Valley Reclamation Co., a California corporation, including all predecessors, businesses acquired thereby or merged therein (the "Company"); and

WHEREAS, WMNA desires to purchase and acquire the VRC Shares, and the Trustee desires to sell and convey the VRC Shares;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENTS

ARTICLE I

Sale and Purchase

Section 1.1 On the basis of the representations and warranties and subject to the terms and conditions set forth in this Agreement, the Trustee agrees to sell, transfer and deliver to WMNA, and WMNA agrees to purchase, acquire and accept the VRC Shares from the Trustee in consideration of the payment of the purchase price of Forty-Eight Million Four Hundred Thousand Dollars (\$48,400,000) (the "Price").

Section 1.2 The execution and delivery of the documents and consideration necessary to effectuate the transactions contemplated by this Agreement will take place as soon as possible after the prescribed notice waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and the Final Judgment entered in United States v. Waste Management, Inc., et al., Civil No. 84-2832 (D.D.C.) with respect to the transactions contemplated by this Agreement have expired or have been terminated (the "Closing" or "Time of Closing"), at the office of Wyman, Bautzer, Christensen, Kuchel & Silbert, 2049 Century Park East, Suite 1400, Los Angeles, California 90067, or at such later time or place as the parties hereto may agree upon.

Section 1.3 Subject to the terms and conditions set forth in this Agreement, the following steps will be taken by the parties, respectively, at the Time of Closing:

(a) The Trustee will deliver to WMNA duly executed certificates in valid form evidencing all of the VRC Shares, powers with the requisite stock transfer stamps, if any, attached and with signatures guaranteed by a bank located in or having a correspondent in Chicago, Illinois, or by a member firm of the New York or Midwest Stock Exchange; and

(b) WMNA will deliver to the Trustee, the Trustee's Promissory Note in favor of WMNA, dated December 31, 1986, in the original principal amount of \$48,400,000.00 marked "cancelled and paid."

ARTICLE II

Representations and Warranties Of WMNA

WMNA represents and warrants to the Trustee on the date hereof, and at the Time of Closing, that:

Section 2.1 Organization. WMNA is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

Section 2.2 Authority. WMNA has the capacity and power to execute, deliver and perform this Agreement. This Agreement has been duly and validly executed and delivered by WMNA and constitutes a valid and binding agreement of WMNA, enforceable against WMNA in accordance with its terms.

ARTICLE III

Representations and Warranties of the Trustee

Section 3.1 The Trustee has the requisite power and authority, as trustee under and pursuant to that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity dated December 30, 1986, to enter into this Agreement and to sell the VRC Shares.

Section 3.2 All actions required to be taken by the Trustee necessary for the execution and delivery of this Agreement and the performance by the Trustee of all of his respective obligations under this Agreement have been duly and validly taken.

ARTICLE IV

Other Provisions

Section 4.1 All of the respective representations and warranties of the parties to this Agreement shall survive the Time of Closing, and the consummation of the transactions contemplated by this Agreement.

Section 4.2 The parties to this Agreement agree to act in good faith and to mutually cooperate with each other in order to effectuate the purposes of this Agreement. Each party agrees to undertake such further acts and to execute and deliver to the other such additional assignments, agreements, and instruments as the other may reasonably

require or deem advisable to carry into effect the purposes of this Agreement.

Section 4.3 Either WMNA or the Trustee may extend the time for or waive the performance of any of the obligations of the other, waive any inaccuracies in the representations or warranties by the other, or waive compliance by the other with any of the covenants or conditions contained in this Agreement. Any such extension or waiver shall be in writing and signed by WMNA or by the Trustee. No such waiver shall operate or be construed as a waiver of any subsequent act or omission of the parties hereto.

Section 4.4 Any notice to a party hereto pursuant to this Agreement shall be given by certified or registered mail, or by private courier service requesting evidence of receipt as a part of its service, addressed, to each respective party at its respective address appearing on the signature page hereof.

Section 4.5 This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable in the case of contracts made and to be performed in such state.

Section 4.6 This Agreement shall inure to the benefit of, and be binding on and enforceable against the heirs, legal representatives and assigns of WMNA and the successors and assigns of the Trustee.

Section 4.7 This Agreement (including the exhibits hereto) and the documents and schedules delivered pursuant hereto constitute the entire Agreement and understanding between the parties, and supersedes any prior agreement and understandings relating to the subject matter hereof. This Agreement may be modified or amended by a written instrument executed by all parties hereto.

Section 4.8 If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

Section 4.9 This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

Section 4.10 If any legal action or any other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in

addition to any other relief to which it or they may be entitled.

Section 4.11 The subject headings of the paragraphs and sections of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 4.12 Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors, legal representatives and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provisions given any third persons any rights of subrogation or action over or against any party to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

WMNA:

THE TRUSTEE:

WASTE MANAGEMENT OF
NORTH AMERICA, INC.

By _____
(Name) _____
(Address) _____

By _____
(Name) _____
(Address) _____

PROMISSORY NOTE

\$48,400,000.00

December 30, 1986
Los Angeles, California

FOR VALUE RECEIVED, DAVID A. PEARRE, AS TRUSTEE UNDER THE DECLARATION OF TRUST FOR PURCHASE OF STOCK OF VALLEY RECLAMATION CO. AND DISTRIBUTION OF REMAINING FUNDS TO CHARITY, dated December 30, 1986 ("Maker"), promises to pay to the order of WASTE MANAGEMENT OF NORTH AMERICA, INC., a Delaware corporation ("Payee"), at 3003 Butterfield Road, Oak Brook, Illinois 60521, or at such other place as may be designated by Payee, the principal sum of FORTY-EIGHT MILLION FOUR HUNDRED THOUSAND DOLLARS (\$48,400,000.00), together with interest on unpaid principal balance hereof from time to time outstanding at a rate of interest equal to four percent (4%) per annum, in lawful money of the United States.

The outstanding principal balance hereof, together with all accrued and unpaid interest thereon, shall be due and payable on the earlier to occur of the following:

(i) The failure of Maker to acquire all of the issued and outstanding shares of capital stock of Valley Reclamation Co., a California corporation ("VRC") from CALMAT Co., a Delaware corporation ("CMC") on December 31, 1986, pursuant to the Stock Purchase Agreement dated as of

December 31, 1986 ("Phase I Stock Purchase Agreement"), a copy of which is set forth as Exhibit A attached hereto and made a part hereof;

(ii) The failure of Maker to transfer and deliver all of the issued and outstanding shares of capital stock of VRC to Payee, pursuant to the Stock Purchase Agreement dated as of December 31, 1986 ("Phase II Stock Purchase Agreement"), a copy of which is set forth as Exhibit B attached hereto and made a part hereof;

(iii) The failure or non-occurrence of any of the conditions subsequent set forth in Article VIII of the Phase II Stock Purchase Agreement;

(iv) A default by Maker under the Phase II Stock Purchase Agreement; or

(v) June 30, 1987.

Unless expressly indicated to the contrary herein, all payments received on account of this Note shall be applied first to accrued interest, then to charges or fees payable hereunder and then to the unpaid principal balance hereof.

Maker and any guarantors or endorsers hereof hereby waive diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of nonpayment of this Note, and specifically consent to and waive notice of any renewals or extensions of this Note. Maker expressly waives the pleading of any statute of limitations as a defense to any demand hereunder against Maker.

Notwithstanding anything in this Note to the contrary, the obligations of Maker under this Note shall be absolute and Maker expressly and unconditionally waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

If Maker shall fail to pay in full any payment required hereunder when such payment is due, such failure shall constitute an event of default under this Note.

This Note may be prepaid in whole or in part at the option of Maker.

If Maker shall fail to make any payment when due hereunder, whether by maturity, acceleration or otherwise, the amount of such payment shall thereafter bear interest, which shall be payable on demand, at a rate that is five percent (5%) per annum in excess of the rate of interest otherwise applicable under this Note.

Notwithstanding anything to the contrary contained in this Note, no interest shall accrue hereunder which is in excess of the maximum amount permitted under the applicable law relating to usury. Any interest payment made hereunder representing accrued interest that is in excess of the maximum amount permitted under the applicable law relating to usury shall be applied to reduce the outstanding principal balance hereof and shall be deemed to represent a prepayment of principal hereunder.

The acceptance by any holder of this Note of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of such holder's rights or remedies at that time or at any subsequent time, without the express written consent of such holder, except as and to the extent otherwise provided by law.

If this Note or any part of the indebtedness represented hereby shall not be paid as aforesaid, then the holder hereof may place this Note or any part of the indebtedness represented hereby in the hands of an attorney for collection, and Maker agrees to pay, in addition to all other amounts due hereunder, all costs of collection, including, without limitation, attorneys' fees, whether or not suit be brought.

This Note may be waived, changed, modified or discharged only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

This Note shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

The times for the performance of any obligation hereunder shall be strictly construed, time being of the essence. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the payment shall be made on the next succeeding Business Day

and such extension of time shall be included in the computation of the payment of interest hereunder. As used herein, the term "Business Day" means any day excluding Saturday, Sunday and any day that is a legal holiday under the laws of the State of California or is a day on which banking institutions located in California are authorized by law or other governmental action to close.

If any provision of this Note, or the application of such provision to any circumstance, is found by a court of law to be in violation of any local, state or federal ordinance, statute, law, administrative or judicial decision or public policy, and if such court should declare such provision or application to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of Maker that such provision or application shall be given force to the fullest possible extent that it is legal, valid and enforceable, that the remainder of this Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable provision or application were not contained herein, and that the obligations of Maker under the

remainder of this Note shall continue in full force and effect.

The times for performance of any obligation under this Note shall be strictly construed, time being of the essence.

DAVID A. PEARRE, AS TRUSTEE UNDER
DECLARATION OF TRUST FOR PURCHASE
OF STOCK OF VALLEY RECLAMATION CO.
AND DISTRIBUTION OF REMAINING FUNDS
TO CHARITY DATED DECEMBER 30, 1986

By _____

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between WASTE MANAGEMENT OF NORTH AMERICA, INC., a Illinois corporation ("WMNA") and DAVID A. PEARRE, as trustee under that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986 (the "Trustee").

RECITALS

WHEREAS, the Trustee owns all of the outstanding shares of stock (the "VRC Shares") of Valley Reclamation Co., a California corporation, including all predecessors, businesses acquired thereby or merged therein (the "Company") which he acquired pursuant to a Stock Purchase Agreement between the Trustee and CalMat Co., dated December 31, 1986 (the "CalMat Agreement"); and

WHEREAS, WMNA desires to purchase and acquire the VRC Shares and all of the Trustee's rights under the CalMat Agreement (the "Trustee's Rights"), and the Trustee desires to sell and convey the VRC Shares and all of the Trustee's Rights;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and for other good

and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENTS

ARTICLE I

Sale and Purchase

Section 1.1 On the basis of the representations and warranties and subject to the terms and conditions set forth in this Agreement, the Trustee agrees to sell, transfer and deliver to WMNA, and WMNA agrees to purchase, acquire and accept the VRC Shares and all the Trustee's Rights, including the benefit of all representations and warranties made by CalMat Co. pursuant to the CalMat Agreement, from the Trustee in consideration of the payment of the purchase price of Forty-Eight Million Four Hundred Thousand Dollars (\$48,400,000) (the "Price").

Section 1.2 The execution and delivery of the documents and consideration necessary to effectuate the transactions contemplated by this Agreement will take place as soon as possible after the prescribed notice waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and the Final Judgment entered in United States v. Waste Management, Inc., et al., Civil No. 84-2832 (D.D.C.) with respect to the transactions contemplated by this Agreement have expired or have been terminated (the "Closing" or "Time of Closing"), at the office of Wyman, Bautzer, Christensen, Kuchel & Silbert, 2049

Century Park East, Suite 1400, Los Angeles, California 90067, or at such later time or place as the parties hereto may agree upon.

Section 1.3 Subject to the terms and conditions set forth in this Agreement, the following steps will be taken by the parties, respectively, at the Time of Closing:

(a) The Trustee will deliver to WMNA duly executed certificates in valid form evidencing all of the VRC Shares, powers with the requisite stock transfer stamps, if any, attached and with signatures guaranteed by a bank located in or having a correspondent in Chicago, Illinois, or by a member firm of the New York or Midwest Stock Exchange and a duly executed Assignment of Rights, in such form as shall be acceptable to WMNA, assigning all of the Trustee's right, title and interest in the Trustee's Rights to WMNA; and

(b) WMNA will deliver to the Trustee, the Trustee's Promissory Note in favor of WMNA, dated December 31, 1986, in the original principal amount of \$48,400,000.00 marked "cancelled and paid."

ARTICLE II

Representations and Warranties Of WMNA

WMNA represents and warrants to the Trustee on the date hereof, and at the Time of Closing, that:

Section 2.1 Organization. WMNA is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois.

Section 2.2 Authority. WMNA has the capacity and power to execute, deliver and perform this Agreement. This Agreement has been duly and validly executed and delivered by WMNA and constitutes a valid and binding agreement of WMNA, enforceable against WMNA in accordance with its terms.

ARTICLE III

Representations and Warranties of the Trustee

Section 3.1 The Trustee has sole and complete ownership of the VRC Shares and the Trustee's Rights and has the requisite power and authority, as trustee under and pursuant to that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity dated December 30, 1986, to enter into this Agreement and to sell the VRC Shares and the Trustee's Rights.

Section 3.2 All actions required to be taken by the Trustee necessary for the execution and delivery of this Agreement and the performance by the Trustee of all of his respective obligations under this Agreement have been duly and validly taken.

ARTICLE IV

Other Provisions

Section 4.1 All of the respective representations and warranties of the parties to this Agreement shall survive the Time of Closing, and the consummation of the transactions contemplated by this Agreement.

Section 4.2 The parties to this Agreement agree to act in good faith and to mutually cooperate with each other in order to effectuate the purposes of this Agreement. Each party agrees to undertake such further acts and to execute and deliver to the other such additional assignments, agreements, and instruments as the other may reasonably require or deem advisable to carry into effect the purposes of this Agreement.

Section 4.3 Either WMNA or the Trustee may extend the time for or waive the performance of any of the obligations of the other, waive any inaccuracies in the representations or warranties by the other, or waive compliance by the other with any of the covenants or conditions contained in this Agreement. Any such extension or waiver shall be in writing and signed by WMNA or by the Trustee. No such waiver shall operate or be construed as a waiver of any subsequent act or omission of the parties hereto.

Section 4.4 Any notice to a party hereto pursuant to this Agreement shall be given by certified or registered mail, or by private courier service requesting evidence of

receipt as a part of its service, addressed, to each respective party at its respective address appearing on the signature page hereof.

Section 4.5 This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable in the case of contracts made and to be performed in such state.

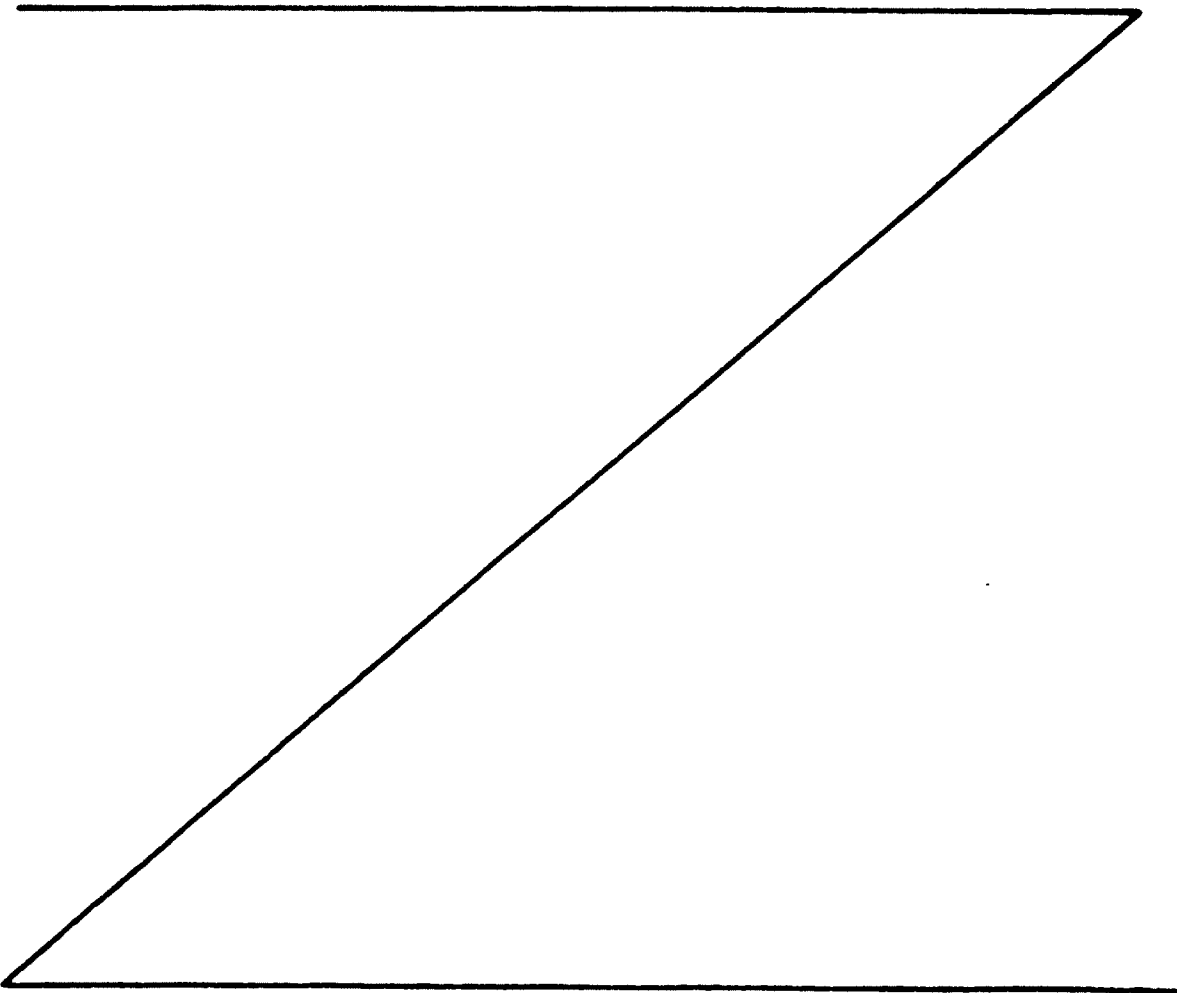
Section 4.6 This Agreement shall inure to the benefit of, and be binding on and enforceable against the heirs, legal representatives and assigns of WMNA and the successors and assigns of the Trustee.

Section 4.7 This Agreement constitutes the entire Agreement and understanding between the parties, and supercedes any prior agreement and understandings relating to the subject matter hereof. This Agreement may be modified or amended by a written instrument executed by all parties hereto.

Section 4.8 If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

Section 4.9 This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

Section 4.10 If any legal action or any other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in



addition to any other relief to which it or they may be entitled.

Section 4.11 The subject headings of the paragraphs and sections of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 4.12 Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors, legal representatives and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provisions given any third persons any rights of subrogation or action over or against any party to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

WMNA:

THE TRUSTEE:

WASTE MANAGEMENT OF
NORTH AMERICA, INC.

By David L. Kelly
(Name) DAVID L. KELLY
(Address) 3003 Butterfield
Circle, Broomfield, IL 60521

By David A. Pearce
(Name) DAVID A. PEARCE
(Address) 17025 ANDREWS DR
POMONA, CA 92664

OPERATING LICENSE AGREEMENT

THIS OPERATING LICENSE AGREEMENT (the "Agreement") is made and entered into as of December 31, 1986, by and between CALMAT CO., a Delaware corporation ("Owner"), and VALLEY RECLAMATION CO., a California corporation ("Operator"), with reference to the following facts:

A. Owner is the owner of that certain parcel of real property located in the City of Los Angeles, County of Los Angeles, State of California as more particularly described in Exhibit A hereto (the "Real Property").

B. The Real Property, together with the operations currently engaged in thereon, are hereinafter referred to as the "Project."

C. Operator is and has been in the business of operating the Project as a Class II Sanitary Landfill.

D. All of the outstanding shares of stock of Operator, a wholly owned subsidiary of Owner, are being purchased concurrently herewith by David A. Pearre, as trustee under that certain Declaration of Trust for Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986 (the "Trustee") pursuant to that certain Stock Purchase Agreement of even date herewith by and between Owner, as Seller, and the Trustee, as Purchaser (the "Stock Purchase Agreement").

E. The intent of this Agreement is to provide Operator with the right to continue to operate the Project as the sole and exclusive operator for the Project until such time as Owner conveys fee simple title to the Real Property to Operator pursuant to those certain Agreements of Purchase and Sale and Joint Escrow Instructions dated December 31, 1986 by and between Owner, as Seller, and Operator, as Purchaser (collectively, the "Purchase Agreements").

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Owner and Operator agree as follows:

ARTICLE I LICENSE, TERM AND TERMINATION

1.1 Grant of License. Owner hereby grants to Operator an irrevocable license to manage, supervise and otherwise

operate the Project upon the terms and conditions set forth herein. The particular obligations of Operator are set forth in Article II hereof, and Operator's compensation for such obligations is set forth in Article III hereof. Operator hereby accepts the grant of such license on the terms and conditions set forth herein, and agrees to furnish the services of its organization in connection with the operation of the Project.

1.2 Term and Termination.

(a) This Agreement shall be effective as of December 31, 1986 and, unless sooner terminated pursuant to the provisions hereof, shall continue in full force and effect until December 30, 2006 and shall thereafter be automatically renewed for successive one-year periods until closure of the Project.

(b) Notwithstanding anything to the contrary contained herein, upon the consummation of the purchase and sale of the Real Property as contemplated in the Purchase Agreement, this Agreement shall terminate and the obligations of the respective parties shall be governed by Section 1.3 hereof.

1.3 Obligations Upon Termination. Upon termination of this Agreement, each party shall continue to be fully liable for their respective obligations which have accrued up to and including the termination date and shall promptly pay to the other all amounts due the other party under the terms of this Agreement. Such payment shall be made as soon after the effective date of the termination as such amounts are determinable. Upon such payment, neither party shall have any further claim or right against the other, except as expressly provided herein.

ARTICLE II OPERATION RIGHTS AND DUTIES OF OPERATOR

2.1 Performance of Duties. Operator, in fulfilling its obligations under this Article II, shall perform the duties itemized below, which duties shall be performed in consideration of Operator's right to the compensation described in Section 3.1, and otherwise at the sole cost and expense of Operator and at no cost or expense to Owner, except as otherwise expressly provided in this Agreement.

2.2 Obligations. Operator shall operate the Project as a Class II Sanitary Landfill (as currently defined in the Code of Federal Regulations) (the "Landfill") pursuant to

all Permits (as defined below) and all applicable local, state and federal laws and regulations.

2.3 Expenditures by Operator. Operator shall have the right, without the approval of Owner, to make expenditures and incur obligations as Operator which Operator, in its sole discretion, deems necessary or proper in connection with the operation of the Project.

2.4 Permits. Operator agrees to maintain and keep in full force and effect throughout the term of this Agreement all necessary permits, licenses, approvals, authorizations, applications and certificates from any and all applicable federal, state and municipal governmental or quasi-governmental agencies (collectively, the "Permits") in connection with Operator's use and operation of the Project.

2.5 Compliance with Laws. Operator shall operate the Project in compliance with all federal, state and municipal laws and regulations.

2.6 Contracts for Utilities and Other Services. Operator shall have the right, without the approval of Owner, to enter into contracts for electricity, gas, fuel, telephone, vermin extermination, water, sewer and any other similar utilities and operating services, or such of them as Operator shall reasonably deem necessary or advisable for the operation of the Project.

2.7 Contracts with Third Parties. Operator shall have the right, without the approval of Owner, to enter into contracts with third parties in connection with the operation of the Project.

2.8 Payment of Taxes and Assessments. Owner shall pay before delinquency and prior to the addition thereto of interest or penalties, all taxes, assessments and other impositions ("Taxes") applicable to the Project, subject to reimbursement by Operator as provided hereinbelow. Any delinquency which results from Owner's failure to pay any such Taxes when due shall be paid by Owner at its own expense. The parties hereto acknowledge that the Taxes attributable to a portion of the Project are not separately assessed. To the extent any portion of the Real Property is part of a tax assessor parcel which incorporates real property outside the boundaries of the Real Property ("Tax Parcel"), Operator agrees to reimburse Owner for that portion of the Taxes attributable to the Tax Parcel equal to the product of (a) all Taxes assessed on the Tax Parcel and (b) a fraction, the numerator of which is the number of square feet of Real Property contained within the Tax Parcel

and the denominator of which is the total number of square feet contained within the Tax Parcel. Owner shall deliver to Operator a copy of the current tax bill relating to the Real Property, together with evidence of Owner's payment thereof, and Operator shall promptly reimburse Owner for Operator's share of the Taxes paid by Owner.

2.9 Contests. Prior to the payments made pursuant to Section 2.8, Operator shall advise and recommend to Owner whether the amount of any such Taxes should be challenged as inequitable or improper under law and Operator, at Operator's expense, shall undertake any action or proceedings seeking to reduce such Taxes. Any such action or proceeding shall be undertaken by appropriate legal proceedings in the name of Owner. Owner shall deliver to Operator such documents as are necessary or proper to permit Operator in its prosecution of such contest (including, without limitation, any documents necessary for Operator's execution and delivery).

2.10 Alterations, Reconfigurations. Operator may, with the consent of Owner, which consent shall not be unreasonably withheld, (a) remove, alter or modify any existing improvements located on the Real Property, (b) construct any additional improvements on the Real Property and (c) change the composition or configuration of the Project, provided that any and all such actions shall be at Operator's sole cost and expense.

2.11 Payment of Maintenance Expenses. Operator shall pay all costs and expenses which Operator deems necessary or desirable in order to maintain the Project in good operating condition and repair.

2.12 Signage. Operator shall have the right, without the approval of Owner, to erect such signs on the Real Property as Operator deems appropriate in its sole discretion.

2.13 General Duties. In addition to the duties more particularly described in this Article, Operator shall:

(a) Have the right to initiate and take such actions in the operation of the Project as are necessary or desirable for achieving the maximum efficiency and success of the Project.

(b) Have the right to directly supervise, manage and be responsible for other matters coming within the terms of this Agreement. Without limiting the foregoing, Operator shall have the right to negotiate any and all contracts and

agreements relating to the Project, enter into all such contracts and agreements in the name of Operator, and supervise the performance of all such contracts and agreements.

(c) Have the right to prohibit third parties from engaging in any activity on the Project which would adversely affect or threaten the Project.

(d) Have the right to maximize the environmental and financial profile of the Landfill in Operator's sole and absolute discretion, with full right to seek and obtain all such modifications to the Permits as Operator may deem necessary to achieve the aforesaid goals.

(e) Have any and all rights which Operator deems necessary or desirable in connection with the operation of the Project.

ARTICLE III COMPENSATION

3.1 Operator's Fee. In consideration of Operator's services performed hereunder, Operator shall be entitled to receive any and all revenues generated with respect to the Project, and Operator shall pay to Owner on a monthly basis until December 31, 1988, the sum of Sixty-Seven Thousand Seven Hundred Dollars (\$67,700.00) (the "Initial Amount"). Operator shall thereafter pay to Owner on a monthly basis such revised amount (the "Revised Amount") as Operator and Owner shall mutually agree in writing. In the event Operator and Owner shall be unable to agree in writing, on or before June 30, 1988, on the Revised Amount, then such Revised Amount shall be determined in the following manner: on or after July 1, 1988, each party, at its respective cost and by giving notice to the other party, shall appoint an impartial person to act as an appraiser hereunder. The appraisers to specified in such notices shall be M.A.I. appraisers, or members of a comparable appraisal organization, doing business in the City of Los Angeles, California. If a party does not appoint an appraiser within five (5) days after the other party has given notice of the name of its appraiser, the single appraiser appointed shall be the sole appraiser and shall set the Revised Amount. If, within ten (10) days following the appointment of said appraisers, said two appraisers shall be unable to agree upon the Revised Amount, the said appraisers shall appoint, by an instrument in writing, as third appraiser an impartial person, similarly qualified, who shall proceed with the two appraisers first appointed to determine the Revised Amount. The appointment of a third appraiser shall be made within

fifteen (15) days following the appointment of the first two appraisers. In the event the two appraisers first appointed cannot agree upon a third appraiser, said third appraiser shall be chosen by the Presiding Judge of the Superior Court of the County of Los Angeles, State of California. Each of the parties shall bear one-half of the cost of appointing the third appraiser and of paying the third appraiser's fee. The written decision, of any two of the appraisers so appointed, fixing such Revised Amount shall be binding and conclusive on the parties hereto and enforceable as provided by the laws of California. Anything herein to the contrary notwithstanding, in fixing the Revised Amount hereunder, the appraiser or appraisers shall consider the use to which the Real Property is put by Operator, which shall not necessarily be the highest and best use for the Real Property. In no event shall the Revised Amount be less than the Initial Amount, except as adjusted for the sale of a portion of the Real Property as described hereinbelow. The Initial Amount or the Revised Amount for a given month shall be payable in arrears on the first day of each succeeding month, it being understood that if the commencement or the expiration or earlier termination of this Agreement occurs on a day other than the first day of a month, such amounts shall be prorated accordingly. The Initial Amount reflects a six and one-half percent (6-1/2%) annual return on the total aggregate purchase price of the Real Property as set forth in the Purchase Agreements. If any portion of the Real Property is sold by Owner to Operator during the first two (2) years of the term of this Agreement, then the Initial Amount shall be reduced to an amount which reflects a six and one-half percent (6-1/2%) annual return on the purchase price for the remaining portion of the Real Property still owned by Owner. Similarly, the Revised Amount will reflect a certain percentage annual return on the aggregate purchase price of the Real Property then owned by Owner. If any portion of the Real Property is sold by Owner to Operator at any time after the first two (2) years of the term of this Agreement, then the Revised Amount shall be reduced to an amount which reflects the same percentage annual return on the purchase price for the remaining portion of the Real Property still owned by Owner. Operator's obligation to make monthly payments to Owner as provided herein shall terminate upon the cessation of revenue producing landfilling operations prior to the commencement of closure activities, which Operator shall conclude in accordance with the Permits and all applicable laws and regulations.

ARTICLE IV
INSURANCE AND INDEMNIFICATION

4.1 Operator's Liability Insurance. Operator shall carry comprehensive general liability insurance and such other insurance as Operator deems necessary for the protection of Operator's interests. Policies of comprehensive general liability insurance carried by Operator shall include owner as an insured party only in Owner's capacity as owner of the Project. Comprehensive general liability insurance policies shall contain (i) a severability of interest clause, (ii) coverage for contractual liability and personal injury liability and (iii) a waiver by the insurance company of all right of recovery by way of subrogation against Operator in connection with any damage covered by such insurance company's policy. The insurer or insurers and the amounts of coverage shall be determined by Operator in its sole discretion.

4.2 Operator's Property Insurance. Operator shall obtain and keep in force during the term of this Agreement and any extensions thereof, a policy or policies of insurance covering loss or damage to any improvements now or hereafter located on the Real Property in the amount of the full replacement value thereof, against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief and special extended perils ("all risk" as such term is defined in the insurance industry). Said insurance shall provide for payment of loss thereunder to Operator.

4.3 Worker's Compensation Insurance. Operator, at Operator's expense, shall obtain and maintain Workers' Compensation Insurance (including Employer's Liability Insurance) covering all employees of Operator employed in, on or about the Project, so as to provide statutory benefits as required by the laws of the State of California.

4.4 Operator's Insurance Policies. Operator shall furnish or cause to be furnished to Owner certificates of insurance evidencing all bonds and other insurance which Operator is required to maintain pursuant to this Agreement. All insurance policies maintained by Operator shall name Owner and Operator as named insureds, as their respective interests may appear and shall provide that in the event of cancellation of the policy in whole or in part, or a reduction as to coverage or amount thereunder, whether initiated by the insurer or any insured, the insurer shall give not less than thirty (30) days' advance written notice by registered or certified mail to Owner.

4.5 Indemnification. Operator shall indemnify, defend and hold harmless Owner, its employees, agents, representatives and assignees from and against any claim, liability, penalty, fine, forfeiture, demand, cause of action, suits and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees) arising from Operator's operation of the Project, unless occasioned by Owner's willful or negligent actions.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF OWNER

As an inducement to Operator to enter into this Agreement, Owner hereby represents and warrants to and agrees with Operator as follows (it being understood by the parties hereto that there are no representations or warranties made herein by Owner with respect to Handling of Wastes or the condition of the Real Property, other than as set forth in the Stock Purchase Agreement):

5.1 Land-Use Regulation. There are no condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which could detrimentally affect the use or operation of the Real Property for its intended purpose or the value of the Real Property, nor has Owner received notice of any special assessment proceedings affecting the Real Property.

5.2 Agreements Affecting the Real Property. There are no leases (other than the lease between Owner and Livingston-Graham, Inc.), monetary encumbrances or other agreements (other than the Genstar Joint Venture Gas Recovery Agreement) affecting the Real Property, except as otherwise disclosed to Operator by Owner in writing and approved by Operator.

5.3 Utilities. All water, sewer, gas, electric, telephone and all other utilities required by law or by the current use and operation of the Real Property are connected and operating pursuant to valid permits, and are adequate to permit full compliance with all requirements of law and current use of the Real Property by the tenants thereof and their licensees and invitees.

5.4 Use Permits and Other Approvals. To the best of Owner's knowledge, Owner has obtained all easements and rights of way, including proof of dedication, required from all governmental authorities having jurisdiction over the Real Property or from private parties for the current use and operation of the Real Property and to ensure free and unimpeded vehicular and pedestrian ingress to and egress

from the Real Property as required to permit the current use of the Real Property by the tenants thereof, their invitees and customers.

5.5 Authority of Owner. This Agreement is duly authorized, executed and delivered by Owner, is the legal, valid and binding obligation of Owner enforceable in accordance with its terms, and does not violate any provisions of any agreement or judicial order to which Owner is a party or to which Owner or the Real Property is subject.

5.6 Use and Operation of Property. Owner knows of no facts nor has Owner failed to disclose to Operator any fact which would prevent Operator from using and operating the Real Property in the manner in which the Real Property is being operated as of the date hereof.

ARTICLE VI CASUALTY AND CONDEMNATION

6.1 Casualty. If any portion of the Project is destroyed or materially damaged (as reasonably determined by Operator) as a result of an occurrence covered under Operator's property insurance and Operator receives the proceeds of an insurance award equal to the full replacement value thereof, then Operator shall be obligated to restore the damaged or destroyed portion of the Project in a timely manner.

6.2 Condemnation. If proceedings are commenced by any governmental agency for the condemnation of the Project or any portion thereof pursuant to the power of eminent domain, Operator shall have the right to participate in such proceedings in the name of Owner. Owner shall deliver to Operator such documents as are necessary or proper to permit Operator to so participate. If the Project or any portion thereof is taken under the power of eminent domain or sold under the threat of exercise of said power, Owner shall pay or otherwise assign to Operator the total amount of any such condemnation award less an amount equal to the pro rata portion of the purchase price for the Real Property as set forth in the Purchase Agreements which is attributable to the portion of the Real Property taken under the power of eminent domain or sold under threat of exercise of said power. Upon the taking of such portion of the Real Property or sale under threat of such taking, the Initial Amount or the Revised Amount, as the case may be, shall be reduced pro rata based upon the square footage of the property so taken.

ARTICLE VII
DEFAULTS AND REMEDIES

7.1 Operator's Default. The following occurrences shall be considered "Events of Default" hereunder:

- (a) If Operator has not paid Owner the Fixed Amount within five (5) business days after receiving the Late Notice (as hereinafter defined) from Owner. Owner shall be entitled to deliver to Operator a late notice ("Late Notice") if Owner has not received from Operator the Fixed Amount within fifteen (15) days following the date on which the Fixed Amount is due.
- (b) If Operator has failed to comply with any of its obligations under this Agreement and has failed to undertake within thirty (30) days after receiving written notice from Owner of such noncompliance, such actions as are necessary to bring itself into compliance with this Agreement.

7.2 Owner's Default. The following occurrences shall be considered "Events of Default" hereunder:

- (a) If Owner has failed to comply with any of its obligations under this Agreement and has failed to undertake, within thirty (30) days after receiving written notice from Operator of such noncompliance, such actions as are necessary to bring itself into compliance with this Agreement.

7.3 Remedies. Upon the occurrence of an Event of Default by either party hereto, the nondefaulting party shall be entitled (a) to terminate this Agreement and/or (b) to pursue any remedy now or hereafter available to such party in law or equity. The parties hereto agree that Operator has the right, but not the obligation, to cure any default of Owner hereunder. Upon Operator's default hereunder, Owner shall have the right, but not the obligation, to take possession of the Real Property and operate the Project for the account of Operator.

ARTICLE VIII
OWNERSHIP OF PROJECT; ACCESS

8.1 Right of Entry. Owner hereby grants to Operator the right to enter into and upon the Project at any and all

times during the term of this Agreement for the purpose of performing its obligations under this Agreement with respect to operating the Project; provided, however, that the aforesaid right of Operator is not the grant of an interest or estate in real property (whether fee, leasehold or otherwise), but rather constitutes a mere license only.

ARTICLE IX ESTOPPEL CERTIFICATES

9.1 Estoppel Certificate. Owner and Operator each agree, at any time and from time to time, to execute, acknowledge and deliver to the other a statement in writing (i) certifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that this Agreement is in full force and effect as modified and stating the modifications), (ii) stating whether or not the provider of the statement is in default in the performance of any covenant, agreement or condition contained in this Agreement, and, if so, specifying each such default of which the provider of the statement may have knowledge and (iii) stating the address to which notices to the provider of the statement shall be sent.

ARTICLE X MISCELLANEOUS

10.1 Discharge of Water. Owner covenants and agrees that it shall take all steps necessary to prevent any water used in connection with Owner's gravel washing operations currently being conducted on certain real property located adjacent to the Project from being discharged onto any portion of the Real Property.

10.2 Force Majeure. From and after the date of this Agreement, Operator's performance hereunder may be suspended and its obligations hereunder excused in the event and during the period that such performance is prevented by a cause or causes beyond the reasonable control of Operator unless such cause or causes are a result of action or non-action by Operator. Such causes shall include, but not be limited to, acts of God, acts of war, riot, fire, explosion, accident, flood or sabotage; lack of adequate fuel, power or raw materials; judicial, administrative or governmental laws, regulations, requirements, rules, orders or actions; injunctions or restraining orders; the failure of any governmental body to issue or grant, or the suspension or revocation or modification of any license, permit or other authorization necessary for the construction and/or operation envisioned by this Agreement; national defense

requirements; labor strike, lockout or injunction. Operator shall not be obligated to effect development or perform operations at the Project not indicated in the Permits.

10.3 Memorandum of Agreement. The parties hereto agree to execute, concurrent with the execution of this Agreement, a Memorandum of Operating License Agreement substantially in the form attached hereto as Exhibit B and incorporated herein by reference (the "Memorandum"). The parties hereto agree to cause to be recorded on the date of this Agreement such Memorandum in the office of the County Recorder of the County of Los Angeles.

10.4 Entry on Property. Operator shall also have the right to obtain, with Owner's consent, which consent shall not be unreasonably withheld, any and all final governmental and private approvals ("Final Approvals") to permit Operator's future use and/or development of the Real Property. Final Approvals may include, but are not limited to, final approval of (i) any amendment to any applicable zoning ordinance; (ii) any amendment to any applicable City of Los Angeles or County of Los Angeles General Plan or any applicable City of Los Angeles or County of Los Angeles Specific Plan; (iii) any Environmental Impact Report or environmental review pertaining to the Real Property; (iv) any new parcel, subdivision or tract map pertaining to the Real Property; (v) any rezoning or annexation of the Real Property; and (vi) Operator's design and development plan for the Real Property. Owner agrees to fully cooperate with Operator in obtaining such Final Approvals and agrees to sign all necessary applications and/or documents in connection therewith. In such regard, Owner covenants and agrees, without limitation, that Owner will assist Operator and exercise Owner's best efforts in obtaining such Final Approvals for the Real Property to the appropriate classification or governmental jurisdiction under the applicable ordinances of the necessary governmental agencies, so as to permit the development of the Real Property in accordance with the plans prepared by Operator at Operator's expense. If necessary, Owner shall as soon as reasonably possible after demand by Operator, arrange for the proper execution and filing of an Application for Rezoning or annexation of the Real Property with the proper agencies and officials of said city and/or county and agrees to cooperate with Operator in executing and processing such documents as shall be required to obtain such rezoning or annexation.

ARTICLE XI GENERAL

11.1 Notices. Any notice required or permitted to be given under this Agreement shall be in writing and sent by

United States mail, registered or certified mail, postage pre-paid, return receipt requested, and addressed as follows, and shall be deemed to have been given upon the date of delivery (or refusal to accept delivery) as indicated on the return receipt):

If to Owner: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Thomas M. Linden

With a copy to: Latham & Watkins
555 S. Flower Street
Los Angeles, CA 90071
Attn: Michael Schrocko, Esq.

If to Operator: c/o Waste Management of California,
Inc.
9200 Glen Oaks Boulevard
Sun Valley, CA 91352
Attn: Bob Coyle

With a copy to: Wyman, Bautzer, Christensen,
Kuchel & Silbert
2049 Century Park East
Suite 1400
Los Angeles, CA 90067
Attn: Peter M. Weil, Esq.

11.2 Covenant of Further Assurances. The parties hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement.

11.3 Assignability of Rights. The rights and obligations of either party hereto shall not be assigned or transferred in any manner, either voluntarily or by operation of law, unless consented to in writing by the nonassigning party, which consent shall not be unreasonably withheld. Either party, however, may assign its interest hereunder to an "Affiliated Company" without the prior written consent of the other. For purposes of this paragraph, "Affiliated Company" means any company which is a wholly owned subsidiary of the assigning party or which the assigning party or a subsidiary thereof owns at least fifty-one percent (51%) thereof.

11.4 Successors and Assigns. Subject to the restrictions on transfers and encumbrances set forth herein, this Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. Whenever in this Agreement a reference is made to

any entity or party, such reference shall be deemed to include a reference to the successors and permitted assigns of such entity or party.

11.5 Status of Operator. Owner and Operator each acknowledge and agree that Operator is acting solely as an independent contractor and not as a partner, joint venturer, employee or agent of Owner and shall have no authority to act for, bind or obligate Owner in any manner whatsoever, except solely to the extent specifically set forth herein or as may hereafter be specifically authorized in writing by Owner.

11.6 Waiver. No consent or waiver, express or implied, by any party to or of any breach or default by the other party in the performance by such other party of the obligations thereof under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party under this Agreement. Failure on the part of either party to complain of any act or failure to act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of the rights thereof under this Agreement.

11.7 Additional Remedies. The rights and remedies of the parties under this Agreement shall not be mutually exclusive. The exercise of one or more of the provisions of this Agreement shall not preclude the exercise of any other provisions of this Agreement.

11.8 Attorneys' Fees. Should any action be brought arising out of this Agreement, including without limitation any action for declaratory or injunctive relief, the prevailing party shall be entitled to reasonable attorney's fees and costs and expenses of investigation all as actually incurred and including, without limitation, attorneys' fees, costs and expenses of investigation incurred in appellate proceedings or in any action or participation in, or in connection with, any case or proceeding under Chapters 7, 11 or 13 of the Bankruptcy Code or any successor statutes, and any judgment or decree rendered in any such actions or proceedings shall include an award thereof.

11.9 Entire Agreement. This Agreement represents the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written agreements, understandings, representations, and covenants, to the extent they are inconsistent with this Agreement.

11.10 Severability. If any provisions of this Agreement or the application thereof to any entity or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to any other entity or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

11.11 Invalidity of Agreement. If all or any portion of this Agreement is determined by a court of competent jurisdiction to be invalid, the parties hereto agree to cooperate in good faith to accomplish the intent of this Agreement by such other valid means as may be necessary or appropriate.

11.12 Property Tax Increases. Operator shall not be liable for any increase in taxes resulting from the change of ownership of the Project.

11.13 Irrevocability of License. The parties hereto acknowledge and agree that the licenses granted by Owner to Operator pursuant to this Agreement are coupled with an interest and are irrevocable.

11.14 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural; and the plural shall include the singular. Titles of Articles and Sections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement. All references in this Agreement to Articles, Sections or Subsections thereof shall refer to the corresponding Article, Section or Subsection of this Agreement unless specific reference is made to the articles, sections or subsections of another document or instrument.

11.15 Amendment. No change, waiver, discharge or termination of this Agreement or any provision of this Agreement shall be binding upon any party to this Agreement unless it is set forth in a written instrument signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

11.16 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

11.17 Interpretation. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

11.18 Governing Law. This Agreement and the obligations of Owner and Operator shall be interpreted, construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Owner and Operator have caused this Agreement to be executed as of the date first written above.

OWNER: CALMAT CO.,
a Delaware corporation

By: Walt B. Ruane
Its: Ruo

OPERATOR: VALLEY RECLAMATION CO.,
a California corporation

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT B

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

VALLEY RECLAMATION CO.
c/o Waste Management of
California, Inc.
9200 Glen Oaks Boulevard
Sun Valley, California 91352
Attn: Mr. Robert Coyle

MEMORANDUM OF OPERATING LICENSE AGREEMENT

THIS MEMORANDUM OF OPERATING LICENSE AGREEMENT ("Memorandum") is made and entered into as of this 31st day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Owner"), and VALLEY RECLAMATION CO., a California corporation ("Operator"), with reference to the following facts.

A. Owner is the owner of that certain real property (the "Property") more particularly described in Exhibit A, which is attached hereto and incorporated by reference herein.

B. The Property, together with the operations currently engaged in thereon, are hereinafter referred to as the "Project."

C. Owner desires to retain Operator to operate the Project as the sole and exclusive operator for the Project and Operator desires to perform such services for Owner upon the terms and conditions set forth in that certain Operating License Agreement ("Operating Agreement") of even date herewith, by and between Owner and Operator.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Owner and Operator agree as follows:

1. Owner hereby irrevocably grants to Purchaser the exclusive right to operate the Project in accordance with the terms and conditions set forth in the Operating Agreement. This right to operate shall expire on December 30, 2006, unless earlier terminated.

2. The Operating Agreement is incorporated by reference herein, and, in the event of any conflicts or inconsistencies between the terms and provisions of this

Memorandum and the terms and provisions of the Operating Agreement, the Operating Agreement shall control, it being understood and agreed by Owner and Operator that the sole purpose of this Memorandum is to provide notice of the Operating Agreement and that this Memorandum shall not alter, modify, restrict, limit or otherwise affect any of the terms and provisions of the Operating Agreement or any of the rights or obligations.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first above written.

Owner:

CALMAT CO.,
a Delaware corporation

By: 

Its: 

Operator:

VALLEY RECLAMATION CO.,
a California corporation

By: 

Its: 

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

VALLEY RECLAMATION CO.
3200 San Fernando Road
Los Angeles, California 90065
Attention: S.J. Wilcott

MEMORANDUM OF PURCHASE

THIS MEMORANDUM OF PURCHASE is made and entered into as of this ____ day of December, 1986, by and between CALMAT CO., a Delaware corporation, ("Owner"), and VALLEY RECLAMATION CO., a California corporation ("Purchaser"), with reference to the following facts.

A. Owner is the owner of that certain real property (the "Property") more particularly described in Exhibit A, which is attached hereto and incorporated by reference herein.

B. Purchaser desires to purchase from Owner and Owner desires to sell to Purchaser the Property on the terms set forth in that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase Agreement") of even date herewith, by and between Owner and Purchaser.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Owner and Purchaser agree as follows:

1. Owner hereby unconditionally and irrevocably grants to Purchaser the exclusive right to purchase the Property in accordance with the terms and conditions set forth in the Purchase Agreement. This right to Purchase shall expire on December 31, 1987, unless extended in accordance with the terms and provisions of the Purchase Agreement.

2. The Purchase Agreement is incorporated by reference herein, and, in the event of any conflicts or inconsistencies between the terms and provisions of this Memorandum of Purchase and terms and provisions of the Purchase Agreement, the terms and provisions of the Purchase Agreement shall control, it being understood and agreed by Owner and Purchaser that the sole purpose of this Memorandum of Purchase is to provide notice of the Purchase Agreement and that this Memorandum of Purchase shall not alter,

EXHIBIT L

modify, restrict, limit or otherwise affect any of the terms and provisions of the Purchase Agreement or any of the rights or obligations created therein.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Purchase as of the date first above written.

Owner: CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

Purchaser: VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

AGREEMENT OF PURCHASE AND SALE OF PARCEL 1
AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT OF PURCHASE AND SALE OF PARCEL 1 AND JOINT ESCROW INSTRUCTIONS (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Seller"), and VALLEY RECLAMATION CO., a California corporation ("Buyer"), with reference to the following facts:

A. Seller is the owner of the Property, as herein-after defined.

B. Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Property on the terms and conditions set forth herein.

C. Concurrently herewith, Buyer and Seller have also entered into that certain Reciprocal Easement Agreement (the "Easement Agreement"), even date herewith, relating to the Land (as hereinafter defined), and other real property owned by Seller.

D. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 2 and Joint Escrow Instructions, of even date herewith, pertaining to the property more particularly described therein (the "Parcel 2 Agreement")

E. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 3 and Joint Escrow Instructions, of even date herewith, pertaining to the property more particularly described therein.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I

PROPERTY

Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, the following:

1.1 Land. That certain land outlined on Exhibit A hereto (the "Land"); provided, however, that it is understood and agreed that the precise description of the Land is subject to the review and approval of Buyer based upon the items to be provided pursuant to Section 4.1(c) hereof;

1.2 Appurtenances. All rights, privileges and easements appurtenant to the Land, including, without limitation, all minerals, oil, gas and other hydrocarbon

substances on and under the Land (if owned by Seller), as well as all development rights, air rights, water, water rights and water stock (if any) relating to the Land and any other easements, rights-of-way or appurtenances used in connection with the beneficial use and enjoyment of the Land (all of which are collectively referred to as the "Appurtenances");

1.3 Improvements. All improvements and fixtures located on the Land, including, without limitation, all buildings and structures presently located on the Land (all of which are collectively referred to as the "Improvements");

1.4 Personal Property. All personal property of Seller, if any, located on or in or used in connection with the Land and/or the Improvements (except for the conveyor system running across the Land and used by Seller in connection with its operation on real property adjacent to the Land), including without limitation the personal property described in Exhibit B hereto (the "Personal Property"); and

1.5 Intangible Property. All right, title and interest of Seller in and to any and all intangible personal property now or through the Closing Date (as hereinafter defined) owned by Seller, if any, and used in the ownership, use and operation of the Land, Improvements and/or Personal Property, including, without limitation, the right to use any trade name now used in connection with the Land or the Improvements and, to the extent that the same are approved by Buyer pursuant to the provisions of this Agreement, any and all contracts and lease rights, agreements, utility contracts and other rights relating to the ownership, use and operation of all or any part of the Property, including without limitation the intangible personal property described in Exhibit C hereto (all of which are collectively referred to as the "Intangible Property").

The items described in Sections 1.1, 1.2, 1.3, 1.4 and 1.5 above are herein sometimes referred to collectively as the "Property." The items described in Sections 1.1, 1.2, and 1.3 are herein sometimes referred to collectively as the "Real Property."

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price. The total purchase price for the Property shall be determined by multiplying the sum of \$12,500,000 by a fraction, the numerator of which is the total square footage of the Land as set forth in the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is the sum of the total square footage of the Land as set forth in the survey to be provided pursuant to Section 4.1(c)(2) hereof and the total square footage of the "Land" as defined in the Parcel 2 Agreement as set forth in the survey to be provided pursuant to Section 4.1(c)(2) of the Parcel 2 Agreement (the "Purchase

Price"). The Purchase Price shall be subject to the closing adjustments set forth in Article V.

2.2 Payment of Purchase Price. The Purchase Price shall be deposited by Buyer with Safeco Title Insurance Company ("Escrow Holder"), 13640 Roscoe Boulevard, Panorama City, California 91409, on or before the Closing Date (as hereinafter defined) by wire transfer or cashier's check.

In the event the sale of the Property as contemplated hereunder is consummated, such amounts to be paid as set forth herein shall be credited towards the Purchase Price. In the event the sale of the Property is not consummated because of the failure of any condition or any other reason, all such amounts shall immediately be returned to Buyer.

ARTICLE III

TITLE TO PROPERTY

3.1 Title. At the Closing (as hereinafter defined), Seller shall convey to Buyer marketable and insurable fee simple title to the Real Property, by duly executed and acknowledged grant deed in the form of Exhibit D hereto (the "Deed"). Evidence of delivery of marketable and insurable fee simple title shall be the issuance by Safeco Title Insurance Company (the "Title Company") of an ALTA Owner's Policy of Title Insurance (Form B, Rev. 10/17/77) in the full amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements, in Buyer, subject only to such exceptions as Buyer shall approve pursuant to Section 4.1(c), and shall contain such endorsements as Buyer may require.

3.2 Bill of Sale. At the Closing, Seller shall transfer title to the Personal Property, if any, by a bill of sale in the form of Exhibit E hereto (the "Bill of Sale"), free of any liens, encumbrances or interests of third parties.

3.3 Assignment of Intangible Property. At the Closing, Seller shall transfer all of its right, title and interest in and to all (i) Service Contracts (as hereinafter defined); (ii) all Intangible Property; and (iii) any warranties and guarantees, if any, which Buyer elects to assume in its sole and absolute discretion, by an Assignment of Service Contracts, Intangible Property, Warranties and Guarantees, in the form of Exhibit F hereto (the "Assignment of Service Contracts, Intangible Property, Warranties and Guarantees"), free and clear of any liens, encumbrances or interests of third parties.

ARTICLE IV

CONDITIONS TO CLOSING

4.1 Buyer's Conditions. The following conditions are conditions precedent to Buyer's obligation to purchase the Property:

(a) Tenant Estoppel Certificates. Seller obtaining and delivering to Buyer tenant estoppel certificates in form and substance satisfactory to Buyer from any and all tenants occupying any portion of the Property (the "Tenant Estoppel Certificates") not later than twenty (20) days prior to the Closing Date. The Tenant Estoppel Certificates shall be in substantially the form of Exhibit G hereto and shall be dated no earlier than thirty (30) days prior to the Closing Date.

(b) Representations and Warranties. All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date, and Seller shall have complied with all of Seller's covenants and agreements contained in or made pursuant to this Agreement, including, without limitation, those set forth in Article X hereof.

(c) Title. Not later than twenty (20) days following the date first above written Seller shall deliver to Buyer, at Seller's sole cost and expense, all of the following:

(1) a current extended coverage preliminary title report on the Real Property, accompanied by copies of all documents referred to in the report;

(2) an "as-built" survey of the Real Property by a licensed surveyor or civil engineer who is reasonably acceptable to Buyer. Said survey shall be acceptable to, and certified to, Buyer and in sufficient detail to provide the basis for an ALTA Owner's Policy of Title Insurance without boundary, encroachment or survey exceptions, and shall show the location of all easements, including that certain easement created of even date herewith and more particularly described in the Easement Agreement, and improvements (including underground improvements), and any and all other pertinent information with respect to the Property. The survey shall also indicate the total acreage and total square footage of the Land and any encroachments of improvements onto easements or onto adjacent properties or certify to their absence and shall indicate the presence of improvements and easements on property adjoining the Land if located within five (5) feet of the boundaries of the Land; and

(3) copies of all existing and proposed easements, covenants, restrictions, agreements or other documents which affect the Property and which are not disclosed by the preliminary title report, or, if no such documents exist, a certification of Seller to that effect. Title to the Real Property shall be subject only to such exceptions as Buyer shall approve in Buyer's sole and absolute discretion. Buyer shall advise Seller within ten (10) days after the later of actual receipt of all of the foregoing or the date first above written, what exceptions to title, if any, will be accepted by Buyer. Seller shall have five (5) business days after receipt of Buyer's objections to give Buyer notice: (i) that Seller will remove any objectionable exceptions from title and provide Buyer with

evidence satisfactory to Buyer of such removal, or provide Buyer with evidence satisfactory to Buyer that said exceptions will be removed on or before the Closing; or (ii) that Seller elects not to cause such exceptions to be removed. If Seller gives Buyer notice under clause (ii), Buyer shall have five (5) business days to elect to proceed with the purchase and take the Property subject to such exceptions, or to terminate this Agreement. If Buyer shall fail to give Seller notice of its election within said five (5) business days, Buyer shall be deemed to have elected to terminate this Agreement, each party shall bear their own costs incurred under this Agreement, and all other sums deposited by Buyer with Escrow Holder shall immediately be returned to Buyer. If Seller shall give notice pursuant to clause (i) and shall fail to remove any such objectionable exceptions from title prior to the Closing Date, and Buyer is unwilling to take title subject thereto, Seller shall be in default hereunder and, without limiting Buyer's rights and remedies against Seller, Buyer may elect to terminate this Agreement and Seller shall be liable for all of Buyer's damages, including, without limitation, Buyer's costs and expenses incurred hereunder, including, without limitation, title and escrow costs and reasonable attorneys' fees and expenses. If for any reason Buyer disapproves of title to the Real Property as herein provided, then, in addition to all of Buyer's other rights and remedies, whether provided for herein or otherwise at law or in equity, it is understood and agreed that Seller shall have the absolute and unconditional obligation to immediately repurchase all of the issued and outstanding shares of capital stock of Buyer from David A. Pearre, as trustee (the "Trustee") under the Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986, or his successor or assignee, for \$48,400,000 (less any amounts necessary to compensate Seller for any diminution in the net worth of Buyer caused by any act or omission of the Trustee or the Buyer since the Time of Closing of the Stock Purchase Agreement; provided that any such reduction in price shall not include any diminution caused by any failure of Seller to use its best efforts under paragraph 1 of the Management Agreement, as hereinafter defined), and the Trustee, or his successor or assignee shall deliver to Seller duly executed certificates in valid form evidencing all of the issued and outstanding shares of the capital stock of Buyer, duly endorsed in blank or accompanied by duly executed stock powers with the requisite stock transfer stamps, if any, attached.

(d) Service Contracts. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, all design contracts, space planning contracts, construction contracts, subcontracts and purchase orders, utility contracts, water and sewer service contracts, other service contracts of any nature, maintenance contracts, management contracts, mortgage documents, certificates of occupancy, warranties, permits, soils reports, insurance policies, and other contracts or documents, if any, of any nature relating to the Property (the "Service Contracts"). Buyer shall have ten (10) business days after the later of actual receipt of

all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(e) Leases. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, any and all leases affecting the Property or any portion thereof executed or proposed to be executed by Seller along with a list of such leases in the form of Exhibit K hereto. Buyer shall have ten (10) days after the later of actual receipt of all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(f) Compliance with Subdivision Map Act. The recording of a parcel or final map by Seller relating to real property of which the Real Property is a part, such that the Real Property consists of one or more legal lots or parcels as shown or such recorded parcel or final map, on or before October 31, 1987. Seller shall, at Seller's sole cost and expense, proceed expeditiously and with all diligence in causing the recording of such parcel or final map, in full compliance with all laws, rules, regulations and ordinances of all the State of California and of the City or County in which the real property of which the Real Property is a part is located and of all State and Local governmental or quasi-governmental agencies having or claiming jurisdiction over the real property of which the Real Property is a part, including, without limitation, the Subdivision Map Act, Sections 66410, et seq. of the Government Code of the State of California, as amended, and Seller shall, at Seller's sole cost and expense, be solely responsible for causing such parcel or final map to be recorded on or before October 31, 1987. In addition, Seller shall be solely responsible for the cost and performance of any and all conditions and/or obligations imposed in connection with the approval and/or recording of such parcel or final map. Anything herein to the contrary notwithstanding, if the parcel or final map referred to herein is not recorded on or before October 31, 1987, and Buyer determines that Seller has not made significant progress in connection therewith, Buyer shall have the right, but not the obligation, to take whatever steps it deems reasonably necessary, at Seller's sole cost and expense, to cause such parcel or final map to be recorded as soon as possible; provided, however, that if for any reason the parcel or final map referred to herein is not recorded on or before December 31, 1987, whether or not Seller has made significant progress in connection therewith, Buyer shall have the right, but not the obligation, to take whatever steps it deems reasonably necessary, at Seller's sole cost and expense, to cause such parcel or final map to be recorded as soon as possible. Seller agrees to fully cooperate with Buyer in Buyer's efforts to cause the parcel or final map to be recorded as soon as possible, which cooperation shall include, without limitation, Seller's making, executing, acknowledging and filing of all instruments and documents (i) required by all applicable governmental authorities or (ii) deemed reasonably necessary or desirable by Buyer. Seller hereby irrevocably makes, constitutes and appoints Buyer, acting through any of

Buyer's duly authorized officers, as Seller's true and lawful attorney, in its name, place and stead (it being understood that the grant of such power of attorney is coupled with an interest), to make, execute, acknowledge and file all instruments and documents and to take such other actions as may be necessary, after September 30, 1987, to cause the recording of a parcel or final map as contemplated by this Section 4.1(f).

(g) No Default Under Stock Purchase Agreement.

Seller shall not be in default under the terms and conditions of that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of December 31, 1986, between Seller and Trustee, shall not be in default under the Stock Purchase Agreement dated as of December 31, 1986, between Trustee and Waste Management of North America, Inc., an Illinois corporation.

4.2 Failure of Conditions. The foregoing conditions contained in this Article IV are intended solely for the benefit of Buyer. If any of the foregoing conditions are not satisfied for any reason whatsoever, or if any of the foregoing items to be delivered to and/or inspected and/or reviewed by Buyer are disapproved by Buyer, in Buyer's sole and absolute discretion, Buyer shall have the right at its sole election either to waive the condition and/or item(s) in question (provided that with respect to the condition described in Section 4.1(b) Buyer shall continue to have the remedies available under this Agreement or otherwise at law or in equity) and proceed with the purchase or, in the alternative, to terminate this Agreement.

4.3 Extension of Closing Date and Remedies. The Closing Date may be extended, at Buyer's option, a reasonable period of time if required to allow the conditions set forth in Section 4.1 to be satisfied, subject to Buyer's further right to terminate this Agreement upon the expiration of the period of any such extension if all said conditions have not been satisfied. In the event Buyer elects to terminate this Agreement pursuant to this Article IV, Seller shall pay any title and escrow charges, and, except as otherwise expressly provided in this Article IV, neither party shall have any further rights or obligations under this Agreement. Notwithstanding the foregoing, in the event of a breach by Seller of any covenant hereunder material to the purchase of the Property by Buyer, Buyer may elect nevertheless to proceed with the purchase of the Property, reserving the right to collect damages for such breach from Seller, or Buyer may elect to terminate this Agreement by written notice to Seller delivered prior to Closing, and upon such termination Buyer shall be relieved of all further obligations hereunder, the Deposit shall be returned to Buyer and Buyer may proceed against Seller for any damages caused Buyer thereby.

4.4 Consummation of Purchase of Stock. Anything in this Article IV or elsewhere in this Agreement to the contrary notwithstanding, a condition precedent to both Buyer and Seller's obligation to consummate the purchase and sale of the Property pursuant to this Agreement shall be the acquisition of all of the issued and outstanding shares of

capital stock of Buyer by Waste Management of North America, Inc.

ARTICLE V

CLOSING AND ESCROW

5.1 Deposit with Escrow Holder and Escrow Instructions. This instrument shall serve as the instructions to Escrow Holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such additional and supplementary escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any supplementary escrow instructions, the terms and provisions of this Agreement shall control.

5.2 Closing. The closing hereunder (the "Closing") shall mean the recording of the Deed conveying title to the Real Property from Seller to Buyer and shall be held and delivery of all items to be made at the Closing shall be made at the offices of Escrow Holder on December 31, 1987, or such other date prior thereto (the "Closing Date") and/or at such other location as Buyer and Seller may mutually agree in writing. Such date may not be extended without the written approval of both Seller and Buyer, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Escrow Holder shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close. It is agreed that if either party has complied with the terms and conditions of this Agreement as of the Closing Date and the other party is not in a position to close, the party not in a position to close shall be in material breach of this Agreement and the Agreement may be terminated and the party who has so fully complied may exercise any and all remedies available to it at law or in equity, subject to the provisions for liquidated damages set forth herein.

5.3 Delivery by Seller. Not later than five (5) days prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

(a) The Deed, duly executed and acknowledged by Seller, in recordable form, and ready for recordation on the Closing Date;

(b) The Bill of Sale, duly executed by Seller;

(c) Original counterparts of any leases (and amendments thereto, if any, and all records and correspondence relating thereto) covering any portion of the Property, any security deposits relating thereto, and a duly executed and acknowledged Assignment of Leases in the form of Exhibit H hereto;

(d) Originals or copies of all Service Contracts, if any, to be continued by Buyer after the Closing as elected by Buyer, and any warranties or guaranties, if any, received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repairs or alterations of the Improvements;

(e) The Assignment of Service Contracts, Intangible Property and Warranties and Guarantees, duly executed by Seller;

(f) Originals or copies of all building permits and certificates of occupancy for the Improvements;

(g) Notices to the tenants at the Property, if applicable, in the form of Exhibit I hereto, duly executed by Seller;

(h) An escrow closing statement in form and content consistent with this Agreement and otherwise reasonably satisfactory to Buyer and Seller;

(i) An affidavit in the form of Exhibit J hereto confirming that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445;

(j) Any other documents, instruments, data, records, correspondence or agreements called for hereunder which have not previously been delivered.

Buyer may waive compliance on Seller's part under any of the foregoing items by an instrument in writing.

5.4 Delivery by Buyer. On or before the Closing Date, Buyer shall deposit the Purchase Price with Escrow Holder for disbursement to Seller in accordance with the provisions hereof, to be held by Escrow Holder pursuant to disbursement instructions mutually acceptable to Buyer and Seller.

5.5 Other Instruments. In addition to the documents and instruments to be delivered as herein provided, each of the parties hereto shall, from time to time at the request of the other party, execute and deliver to the other party such other instruments of transfer, conveyance and assignment and shall take such other action as may be reasonably required to effectively carry out the terms of this Agreement and/or to transfer and assign to and vest in Buyer, and put Buyer in possession of, the Property.

5.6 Prorations. Any rents actually collected (whether such collection occurs prior to, on or after the Closing), all non-delinquent real property taxes and assessments, any bond assessments assumed by Buyer, water, sewer and utility charges, annual permits and/or inspection fees (calculated on the basis of the respective periods covered thereby), insurance premiums (as to those policies, if any, that Buyer determines will be continued after the Closing), and other expenses normal to the operation and maintenance of the Property shall be prorated as of 12:01 a.m. on the date the Deed is recorded. Seller and Buyer hereby agree

that if any of the aforesaid prorations cannot be calculated within thirty (30) days after the Closing Date, that either party owing the other party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other party, together with interest thereon at the rate of eight percent (8%) per annum from the Closing Date to the date of payment if payment is not made within ten (10) days after delivery of a bill therefor. A statement setting forth such agreed-upon prorations shall be delivered to Escrow Holder. Escrow Holder shall not be required to make any other prorations.

5.7 Costs and Expenses. Buyer and Seller shall each pay one-half (1/2) of Escrow Holder's escrow fee, and Seller shall pay all documentary transfer taxes, transfer or conveyance taxes imposed by the City and/or County in which the Real Property is located, delinquent real property taxes or assessments, and the cost of recording the Grant Deed. Buyer shall bear that portion of the title insurance premium cost, if any, that is in excess of the Title Company's normal and standard premium cost of a CLTA Standard Coverage Owner's Policy of Title Insurance ("CLTA Policy"), with liability in the amount of the Purchase Price, and Seller shall bear that portion of the title insurance premium cost that is equal to the premium cost that would be incurred if such a CLTA Policy were issued.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller hereby represents and warrants to and agrees with Buyer as follows (it being understood by the parties hereto that there are no representations or warranties made herein by Seller with respect to the Handling of Wastes (as defined in the Stock Purchase Agreement) or the condition of the Real Property, other than as set forth in the Stock Purchase Agreement):

6.1 Condition of Property. Between the date hereof and the date of acquisition of all of the issued and outstanding shares of capital stock of Buyer by Waste Management of North America, Inc., there will be no material change in the condition of the Property or in the level of compliance with all applicable governmental laws, ordinances, regulations and requirements.

6.2 Reports, Contracts and Other Documents. The survey, leases, certificates of occupancy, and all other books and records relating to or affecting the Property, and the Service Contracts, if any, and all other contracts or documents delivered to Buyer pursuant to this Agreement or in connection with the execution hereof are and at the time of Closing will be true and correct copies, are and at the time of Closing will be in full force and effect, without default by (or notice of default to) any party, and contain no inaccuracies or misstatements of fact, and all such contracts, leases and other documents relating to or affecting the Property have been or will be delivered to the Buyer pursuant to this Agreement.

6.3 Land-Use Regulation. There are no condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which could detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property, nor has Seller received notice of any special assessment proceedings affecting the Property.

6.4 Leases. Except as set forth in Exhibit K hereto (to be provided by Seller in accordance with Section 4.1(e) hereof), Seller has not executed or otherwise entered into any leases, tenancies, occupancy agreements or other agreements with respect to rights affecting possession of the Property or any portion thereof and there are no such agreements entered into or executed by any third party, and there is no default on the part of Seller, as lessor, or on the part of any lessee, and there exists no condition that with the passage of time or the giving of notice or both would constitute such a default.

6.5 Service Contracts and Other Agreements. Seller has not entered into and there are no Service Contracts or other agreements affecting the Property, there is no obligation of Seller under the terms of any contract, lease or other instrument relating to or affecting the Property to assume any obligation thereof other than the contracts, leases and other documents required to be disclosed pursuant to this Agreement, and there will be, as of the Closing Date, no obligation of Buyer under the terms of any contract, lease or other instrument affecting the Property other than the contracts, leases or other documents which Buyer has elected to assume pursuant to this Agreement.

6.6 Agreements Affecting the Property. There are no leases, easements, encumbrances or other agreements affecting the Property except as shown in the preliminary title report delivered to Buyer pursuant to Section 4.1(c) hereof, or as otherwise disclosed to Buyer by Seller in writing and approved by Buyer.

6.7 Default in Respect of Appurtenances. There is no default under or in respect of any of the Appurtenances on the part of any party thereto and no condition exists that with the passage of time or giving of notice or both would constitute such a default.

6.8 Litigation. There is no litigation pending or to the best of Seller's knowledge threatened against Seller or to the best of Seller's knowledge any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or adversely affect the ability of Seller to perform its obligations under this Agreement.

6.9 Utilities. All water, sewer, gas, electric, telephone, and all other utilities required by law or by the normal use and operation of the Property are, and at the time of Closing will be, connected and operating pursuant to valid permits.

6.10 Use Permits and Other Approvals. To the best of Seller's knowledge, Seller has obtained all easements and rights of way, including proof of dedication, required from all governmental authorities having jurisdiction over the Property or from private parties for the normal use and operation of the Property and to ensure free and unimpeded vehicular and pedestrian ingress to and egress from the Property as required to permit the normal intended usage of the Property by the tenants thereof, their invitees and customers.

6.11 Authority of Seller. This Agreement and all documents executed by Seller which are to be delivered to Buyer at or prior to the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Seller, are or at the time of Closing will be legal, valid, and binding obligations of Seller enforceable in accordance with their terms, are and at the time of Closing will be sufficient to convey title (if they purport do to so), and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

6.12 Use and Operation of Property. Seller knows of no facts nor has Seller failed to disclose to Buyer any fact which would prevent Buyer from using and operating the Property after Closing in the manner in which the Property is being operated as of the date hereof.

6.13 Other Contracts to Convey Property. Seller has not committed nor obligated itself in any manner whatsoever to sell the Property to any party other than Buyer. Seller has not hypothecated or assigned any rents or income from the Property in any manner. At the Closing Date, Seller will not have hypothecated or assigned any rents or income from the Property in any manner.

6.14 Property Tax Assessment. Notwithstanding any other provision of this Agreement to the contrary, if Buyer shall become liable after the Closing for payment of any property taxes assessed against the Property for any period of time prior to the Closing Date, Seller shall immediately pay to Buyer on demand an amount equal to such tax assessment in accordance with Section 5.6 hereof.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows: This Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Buyer, and are or at the Closing will be legal, valid, and binding obligations of Buyer, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

ARTICLE VIII

LOSS BY FIRE OR OTHER CASUALTY; CONDEMNATION

In the event that, prior to Closing, the Property is destroyed or materially damaged (as reasonably determined by Buyer), or if condemnation proceedings are threatened or commenced against the Property, Buyer shall have the right, exercisable by giving notice of such decision to Seller within fifteen (15) business days after receiving written notice from Seller of such damage, destruction or condemnation proceedings, to terminate this Agreement, in which case, neither party shall have any further rights or obligations hereunder and the Deposit shall be returned to Buyer. If Buyer elects to accept the Property in its then condition, all proceeds of insurance or condemnation awards payable to Seller by reason of such damage, destruction or condemnation shall be paid or assigned to Buyer. In the event of non-material damage to the Property, which damage Seller is unwilling to repair or replace at its expense prior to or within a reasonable time after the Closing Date, Buyer shall have the right, exercisable by giving notice within fifteen (15) business days after receiving written notice of such damage, either (a) to terminate this Agreement as hereinabove in this Article VIII provided, or (b) to accept the Property in its then condition and proceed with the purchase, in which case Buyer shall be entitled to a reduction of the Purchase Price to the extent of the cost of repairing or replacing such damage as determined by Buyer based on bids or other advice from one or more qualified contractors, architects or engineers selected by Buyer. For purposes of any repairs or replacements under this Article VIII, the Closing Date may be extended, at Buyer's election, for a reasonable time to allow such repairs or replacements to be made.

ARTICLE IX

DELIVERY OF POSSESSION AND ENTRY ON PROPERTY

9.1 Delivery of Possession. Possession of the Property shall be delivered to Buyer on the Closing Date.

9.2 Entry on Property. Seller shall afford Buyer reasonable access to the Property for the purposes of satisfying Buyer with respect to the representations, warranties, and covenants of Seller contained herein, with respect to satisfaction of any conditions precedent to the Closing contained herein, and with respect to the condition of the Property. Buyer shall have the right to conduct such inspections and tests of the Property as Buyer deems appropriate, including, but not limited to, soils and geological tests, building inspections, reviews of the zoning and other land use controls and restrictions affecting the Property and surrounding land, and reviews of the availability of utilities, rail service and other services necessary or appropriate to the operation of the Property. In this regard, Buyer may obtain, at Buyer's sole option and expense, such written reports and studies as Buyer may deem appropriate, a survey containing sufficient information to

permit the issuance of an ALTA Policy covering the Property, and any permits, authorizations or approvals from governmental agencies having authority over the Property which Buyer deems necessary or appropriate.

ARTICLE X

MAINTENANCE AND OPERATION OF THE PROPERTY

10.1 Maintenance. In addition to Seller's other obligations hereunder, Seller shall, subject to and in accordance with the terms and provisions of that certain Management Agreement (the "Management Agreement"), by and between Buyer and Seller, of even date herewith, maintain the Property in good order, condition and repair, reasonable wear and tear excepted, shall perform all work required to be done by the landlord under the terms of any lease affecting the Property, and, subject to and in accordance with the terms and provisions of the Management Agreement, shall make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the the date first above written, the same as though Seller were retaining the Property.

10.2 Leases and Other Agreements. Seller shall not, after the date of first above written, enter into or terminate any lease, amendment of lease, contract or agreement pertaining to the Property or permit any tenant of the Property to enter into or terminate any sublease, assignment of lease, contract or agreement pertaining to the Property, or modify any lease, contract or agreement pertaining to the Property or waive any rights of Seller thereunder, without in each case obtaining Buyer's prior written consent thereto.

10.3 Encumbrances. Seller shall not, after the date first above written, mortgage, encumber or suffer to be encumbered all or any portion of the Property, without the prior written consent of Buyer.

ARTICLE XI

EXCHANGE

11.1 Exchange. Instead of the sale of the Property by Seller to Buyer, Seller shall have the right to locate other real property or properties ("Exchange Property") for the purpose of effecting a tax-deferred exchange (under IRC Section 1031) of the Property and/or to arrange for the terms of Seller's acquisition of Exchange Property. If Seller does locate such Exchange Property or enter into an exchange agreement with the owner(s) thereof or other third parties ("Exchange Parties") and notifies Buyer in writing of same on or before June 30, 1987, then, at Seller's option (a) Buyer shall enter into a written contract with such Exchange Parties to purchase such Exchange Property and transfer the ownership thereof from Buyer to Seller in consideration of and concurrently with the transfer of the

Property to Buyer; or (b) Seller shall enter into an exchange agreement with such Exchange Parties and, upon Seller's acquisition of such Exchange Property, the Exchange Parties shall concurrently transfer the ownership of the Property to Buyer in accordance with the terms and provisions of sale set forth in this Agreement. Buyer agrees to accept title to the Property from such Exchange Parties. In no event, however, shall Buyer be required to make a total cash payment for the Exchange Property, including all costs and expenses of that purchase, in excess of the sum of the Purchase Price and all costs and expenses Buyer is required to make hereunder, nor shall Buyer be required to assume any secured loan on any Exchange Property to be acquired by Buyer, execute any promissory note or other evidence of indebtedness in connection with any acquisition of Exchange Property which would impose any personal liability on Buyer for its payment, make any representations or warranties beyond those made in the Agreement which would impose any personal liability on Buyer, or actually take title to the Exchange Property. Buyer shall make a good faith diligent effort (but shall not be required to deposit money sooner than required hereunder) to comply with all terms of any and all contracts entered into in connection with such tax-deferred exchange. Seller shall be required to sell the Property directly to Buyer and Buyer shall be required to purchase the Property directly from Seller for the price and on the terms set forth in this Agreement only if (i) Seller is unable to locate Exchange Property and Buyer is unable to acquire it, (ii) Seller is unable to make arrangements for title to the Property to be transferred to Buyer through a third party within the time period provided in this Agreement, or (iii) if Seller shall waive its right to locate Exchange Property for the purpose of effecting a tax-deferred exchange pursuant to this Article XI. In the event an exchange is made in lieu of a purchase hereunder, Seller shall reimburse Buyer for the amount, if any, by which (i) the total cash payment made to the Exchange Parties, including all of Buyer's costs of escrow, title insurance premiums spent to acquire the Exchange Property, documentary transfer taxes and all prorations, reasonable attorneys' fees and real estate brokerage commissions, all of which shall be approved by Seller before Buyer enters into any agreement of purchase with the Exchange Parties, exceeds (ii) the sum of the Purchase Price and all costs and expenses Buyer is required to incur hereunder. In the event that through no fault of or lack of performance by Buyer, the intended exchange is not completed on or before December 31, 1987, Seller agrees to transfer title to the Property to Buyer on that date under the terms and provisions of sale set forth in this Agreement. Seller agrees to hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, attorneys' fees and expenses) that may arise from Buyer's participation in the exchange.

ARTICLE XII
MISCELLANEOUS

12.1 Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

If to Seller: CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90051
Attn: S.J. Wilcott

If to Buyer: Valley Reclamation Co.
c/o Waste Management of
North America, Inc.
3003 Butterfield Road
Oak Brook, Illinois 60521
Attn: Michael Slattery, Esq.

with a copy to: Wyman, Bautzer, Christensen,
Kuchel & Silbert
2049 Century Park East
Suite 1400
Los Angeles, CA 90067
Attn: Peter M. Weil, Esq.

If to Escrow Holder: Chicago Title Insurance Company
3280 East Foothill Blvd.
Pasadena, CA 91107
Attn: Escrow Officer

or such other address as either party may from time to time specify in writing to the other in the manner aforesaid. If personally delivered, such notices or other communications shall be deemed delivered upon delivery. If sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, such notices or other communications shall be deemed delivered upon delivery or refusal to accept delivery as indicated on the return receipt. In addition, copies of all notices and other communications required or permitted to be given under this Agreement shall be delivered to David A. Pearre, as Trustee, at 17109 Saint Andrews Drive, Poway, California 92064, in the manner aforesaid.

12.2 Brokers and Finders. In connection with the transactions contemplated by this Agreement (a) Seller hereby represents and warrants to Buyer that Seller has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation, and (b) Buyer hereby represents and warrants to Seller that Buyer has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify and hold Seller harmless from and against any

and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify and hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 12.2 shall survive the Closing.

12.3 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns, except that Seller's interest under this Agreement may not be assigned, encumbered or otherwise transferred whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Buyer. Buyer shall not have the right to assign to any third party or entity all of Buyer's right, title and interest in and to the Property and this Agreement; provided, however, that notwithstanding anything to the contrary contained herein, Buyer shall have the right to assign all of Buyer's right, title and interest in and to the Property and this Agreement to any of its affiliates.

12.4 Amendments. This Agreement may be amended or modified only by a written instrument executed by the party asserted to be bound thereby.

12.5 Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall remain true and correct as of the time of Closing, shall be deemed to be material, and shall survive the execution and delivery of this Agreement, the delivery of the Deed and transfer of title. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in connection with the transaction contemplated hereby shall constitute representations and warranties hereunder.

12.6 Interpretation. Whenever used herein, the term "including" shall be deemed to be followed by the words "without limitation." Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. The captions and headings of the Articles and Sections of this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12.8 Merger of Prior Agreements. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property and supercedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

12.9 Attorneys' Fees. In the event either Buyer or Seller brings any suit or other proceeding with respect to the subject matter or enforcement of this Agreement, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover attorneys' fees, expenses and costs of investigation.

12.10 Time of the Essence. Time is of the essence of this Agreement.

12.11 Specific Performance. The parties understand and agree that the Property is unique and for that reason, among others, Buyer will be irreparably damaged in the event that this Agreement is not specifically enforced. Accordingly, in the event of any breach or default in or of this Agreement or any of the warranties, terms or provisions hereof by Seller, Buyer shall have, in addition to a claim for damages for such breach or default, and in addition and without prejudice to any right or remedy available at law or in equity, the right to demand and have specific performance of this Agreement.

12.12 Authority. The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

12.13 Exhibits. The exhibits attached hereto are hereby incorporated by reference herein.

12.14 Memorandum of Agreement. Concurrently with the execution of this Agreement, Seller shall execute, acknowledge and deliver to Buyer a Memorandum of Agreement in the form of Exhibit L hereto, which Buyer may record in the appropriate records of the County in which the Property is situated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Buyer: VALLEY RECLAMATION CO.,
a California corporation

By: [Signature]
Its: [Signature]

Seller: CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: [Signature]

LIST OF EXHIBITS

- A: Description of Land
- B: Description of Personal Property
- C: Description of Intangible Property
- D: Form of Grant Deed
- E: Form of Bill of Sale for Personal Property
- F: Form of Assignment of Service Contracts, Intangible Property, Warranties and Guarantees
- G: Form of Tenant Estoppel Certificate
- H: Form of Assignment of Leases
- I: Form of Notice to Tenants
- J: Form of Affidavit of Non-Foreign Status
- K: List of Leases
- L: Form of Memorandum of Purchase and Sale Agreement and Escrow Instructions

Description of Land

EXHIBIT A

Description of Personal Property

None.

EXHIBIT B

Description of Intangible Property

None.

EXHIBIT C

Grant Deed

[to follow]

EXHIBIT D

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to VALLEY RECLAMATION CO., a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1986.

"Transferor"
CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Transferee"
VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT E

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1986, is by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of December __, 1986, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"ASSIGNEE"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT F

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated _____, by and between Lessee and _____ as Lessor, for premises located at _____ (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies, the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except _____.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is _____.

(5) That the termination date of the Lease is _____.

(6) That monthly rent for the Premises is _____.

(7) That monthly rent and other charges under the Lease are paid to _____, 19__.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$_____; (ii) Advance Rental -- \$_____; (iii) Key Deposit \$_____; (iv) Sign Deposit \$_____; Other (specify) \$_____.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied, except (if none, so state) _____.

(10) That there are no defaults by either Lessor or Lessee under the Lease, except (if none, so state) _____.

EXHIBIT G

(11) That there are no options in the Lease (if none, so state) _____.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor, except (if none, so state) _____.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease (if none, so state) _____.

EXECUTED THIS _____ DAY OF _____, 19__.

LESSEE: _____

By _____

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts the foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Assignee"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT H

FORM OF NOTICE TO TENANTS

_____, 198_

TO: (Tenant)

RE: Sale of _____ ("Property")

CALMAT CO., a Delaware corporation is pleased to
announce the sale of _____ to VALLEY
RECLAMATION CO., a California corporation on _____,
198_.

Please note the following important change in rent
payment and notice procedure. Rents and all other charges
due under your lease should be made payable to _____
and mailed for receipt at the time required by your lease
addressed as follows:

All notices from you to the landlord concerning
any matter relating to your lease should be sent to
_____ at the foregoing address.

Very truly yours,

CALMAT CO., a Delaware
corporation

By: _____

Its: _____

EXHIBIT I

AFFIDAVIT OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest located in the City of _____, County of _____, State of California, by CALMAT CO., a Delaware corporation ("CALMAT"), I hereby certify the following on behalf of the transferor:

1. CALMAT is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. CALMAT's U.S. employer identification number is _____;

3. CALMAT's main office address is _____; and

4. I, the undersigned individual, declare that I have authority to sign this document on behalf of CALMAT.

CALMAT understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

DATED: December __, 1986

CALMAT CO., a Delaware corporation

By: _____

Its: _____

EXHIBIT J

LIST OF LEASES

Lessee

Address

Lease Term

[To be provided]

EXHIBIT K

File 8701725-67.

File 87-662270-

AGREEMENT OF PURCHASE AND SALE OF PARCEL 1
AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT OF PURCHASE AND SALE OF PARCEL 1 AND JOINT ESCROW INSTRUCTIONS (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Seller"), and VALLEY RECLAMATION CO., a California corporation ("Buyer"), with reference to the following facts:

A. Seller is the owner of the Property, as herein-after defined.

B. Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Property on the terms and conditions set forth herein.

C. Concurrently herewith, Buyer and Seller have also entered into that certain Reciprocal Easement Agreement (the "Easement Agreement"), even date herewith, relating to the Land (as hereinafter defined), and other real property owned by Seller.

D. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 2 and Joint Escrow Instructions, of even date herewith, pertaining to the property more particularly described therein (the "Parcel 2 Agreement").

E. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 3 and Joint Escrow Instructions, of even date herewith, to the property more particularly described therein.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I

PROPERTY

Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, the following:

1.1 Land. That certain land outlined on Exhibit A hereto (the "Land"); provided, however, that it is understood and agreed that the precise description of the Land is subject to the review and approval of Buyer based upon the items to be provided pursuant to Section 4.1(c) hereof;

1.2 Appurtenances. All rights, privileges and easements appurtenant to the Land, including, without limitation, all minerals, oil, gas and other hydrocarbon

substances on and under the Land (if owned by Seller), as well as all development rights, air rights, water, water rights and water stock (if any) relating to the Land and any other easements, rights-of-way or appurtenances used in connection with the beneficial use and enjoyment of the Land (all of which are collectively referred to as the "Appurtenances");

1.3 Improvements. All improvements and fixtures located on the Land, including, without limitation, all buildings and structures presently located on the Land (all of which are collectively referred to as the "Improvements");

1.4 Personal Property. All personal property of Seller, if any, located on or in or used in connection with the Land and/or the Improvements (except for the conveyor system running across the Land and used by Seller in connection with its operation on real property adjacent to the Land), including without limitation the personal property described in Exhibit B hereto (the "Personal Property"); and

1.5 Intangible Property. All right, title and interest of Seller in and to any and all intangible personal property now or through the Closing Date (as hereinafter defined) owned by Seller, if any, and used in the ownership, use and operation of the Land, Improvements and/or Personal Property, including, without limitation, the right to use any trade name now used in connection with the Land or the Improvements and, to the extent that the same are approved by Buyer pursuant to the provisions of this Agreement, any and all contracts and lease rights, agreements, utility contracts and other rights relating to the ownership, use and operation of all or any part of the Property, including without limitation the intangible personal property described in Exhibit C hereto (all of which are collectively referred to as the "Intangible Property").

The items described in Sections 1.1, 1.2, 1.3, 1.4 and 1.5 above are herein sometimes referred to collectively as the "Property." The items described in Sections 1.1, 1.2, and 1.3 are herein sometimes referred to collectively as the "Real Property."

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price. The total purchase price for the Property shall be determined by multiplying the sums of \$12,500,000 by a fraction, the numerator of which is the total square footage of the Land as set forth in the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is the sum of the total square footage of the Land as set forth in the survey to be provided pursuant to Section 4.1(c)(2) hereof and the total square footage of the "Land" as defined in the Parcel 2 Agreement as set forth in the survey to be provided pursuant to Section 4.1(c)(2) of the Parcel 2 Agreement (the "Purchase

Price"). The Purchase Price shall be subject to the closing adjustments set forth in Article V.

2.2 Payment of Purchase Price. The Purchase Price shall be deposited by Buyer with Safeco Title Insurance Company ("Escrow Holder"), 13640 Roscoe Boulevard, Panorama City, California 91409, on or before the Closing Date (as hereinafter defined) by wire transfer or cashier's check.

In the event the sale of the Property as contemplated hereunder is consummated, such amounts to be paid as set forth herein shall be credited towards the Purchase Price. In the event the sale of the Property is not consummated because of the failure of any condition or any other reason, all such amounts shall immediately be returned to Buyer.

ARTICLE III

TITLE TO PROPERTY

3.1 Title. At the Closing (as hereinafter defined), Seller shall convey to Buyer marketable and insurable fee simple title to the Real Property, by duly executed and acknowledged grant deed in the form of Exhibit D hereto (the "Deed"). Evidence of delivery of marketable and insurable fee simple title shall be the issuance by Safeco Title Insurance Company (the "Title Company") of an ALTA Owner's Policy of Title Insurance (Form B, Rev. 10/17/77) in the full amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements, in Buyer, subject only to such exceptions as Buyer shall approve pursuant to Section 4.1(c), and shall contain such endorsements as Buyer may require.

3.2 Bill of Sale. At the Closing, Seller shall transfer title to the Personal Property, if any, by a bill of sale in the form of Exhibit E hereto (the "Bill of Sale"), free of any liens, encumbrances or interests of third parties.

3.3 Assignment of Intangible Property. At the Closing, Seller shall transfer all of its right, title and interest in and to all (i) Service Contracts (as hereinafter defined); (ii) all Intangible Property; and (iii) any warranties and guarantees, if any, which Buyer elects to assume in its sole and absolute discretion, by an Assignment of Service Contracts, Intangible Property, Warranties and Guarantees, in the form of Exhibit F hereto (the "Assignment of Service Contracts, Intangible Property, Warranties and Guarantees"), free and clear of any liens, encumbrances or interests of third parties.

ARTICLE IV

CONDITIONS TO CLOSING

4.1 Buyer's Conditions. The following conditions are conditions precedent to Buyer's obligation to purchase the

(a) Tenant Estoppel Certificates. Seller obtaining and delivering to Buyer tenant estoppel certificates in form and substance satisfactory to Buyer from any and all tenants occupying any portion of the Property (the "Tenant Estoppel Certificates") not later than twenty (20) days prior to the Closing Date. The Tenant Estoppel Certificates shall be in substantially the form of Exhibit G hereto and shall be dated no earlier than thirty (30) days prior to the Closing Date.

(b) Representations and Warranties. All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date, and Seller shall have complied with all of Seller's covenants and agreements contained in or made pursuant to this Agreement, including, without limitation, those set forth in Article X hereof.

(c) Title. Not later than twenty (20) days following the date first above written Seller shall deliver to Buyer, at Seller's sole cost and expense, all of the following:

(1) a current extended coverage preliminary title report on the Real Property, accompanied by copies of all documents referred to in the report;

(2) an "as-built" survey of the Real Property by a licensed surveyor or civil engineer who is reasonably acceptable to Buyer. Said survey shall be acceptable to, and certified to, Buyer and in sufficient detail to provide the basis for an ALTA Owner's Policy of Title Insurance without boundary, encroachment or survey exceptions, and shall show the location of all easements, including that certain easement created of even date herewith and more particularly described in the Easement Agreement, and improvements (including underground improvements), and any and all other pertinent information with respect to the Property. The survey shall also indicate the total acreage and total square footage of the Land and any encroachments of improvements onto easements or onto adjacent properties or certify to their absence and shall indicate the presence of improvements and easements on property adjoining the Land if located within five (5) feet of the boundaries of the Land; and

(3) copies of all existing and proposed easements, covenants, restrictions, agreements or other documents which affect the Property and which are not disclosed by the preliminary title report, or, if no such documents exist, a certification of Seller to that effect. Title to the Real Property shall be subject only to such exceptions as Buyer shall approve in Buyer's sole and absolute discretion. Buyer shall advise Seller within ten (10) days after the later of actual receipt of all of the foregoing or the date first above written, what exceptions to title, if any, will be accepted by Buyer. Seller shall have five (5) business days after receipt of Buyer's objections to give Buyer notice: (i) that Seller will remove any objectionable exceptions from title and provide Buyer with

evidence satisfactory to Buyer of such removal, or provide Buyer with evidence satisfactory to Buyer that said exceptions will be removed on or before the Closing; or (ii) that Seller elects not to cause such exceptions to be removed. If Seller gives Buyer notice under clause (ii), Buyer shall have five (5) business days to elect to proceed with the purchase and take the Property subject to such exceptions, or to terminate this Agreement. If Buyer shall fail to give Seller notice of its election within said five (5) business days, Buyer shall be deemed to have elected to terminate this Agreement, each party shall bear their own costs incurred under this Agreement, and all other sums deposited by Buyer with Escrow Holder shall immediately be returned to Buyer. If Seller shall give notice pursuant to clause (i) and shall fail to remove any such objectionable exceptions from title prior to the Closing Date, and Buyer is unwilling to take title subject thereto, Seller shall be in default hereunder and, without limiting Buyer's rights and remedies against Seller, Buyer may elect to terminate this Agreement and Seller shall be liable for all of Buyer's damages, including, without limitation, Buyer's costs and expenses incurred hereunder, including, without limitation, title and escrow costs and reasonable attorneys' fees and expenses. If for any reason Buyer disapproves of title to the Real Property as herein provided, then, in addition to all of Buyer's other rights and remedies, whether provided for herein or otherwise at law or in equity, it is understood and agreed that Seller shall have the absolute and unconditional obligation to immediately repurchase all of the issued and outstanding shares of capital stock of Buyer from David A. Pearre, as trustee (the "Trustee") under the Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986, or his successor or assignee, for \$48,400,000 (less any amounts necessary to compensate Seller for any diminution in the net worth of Buyer caused by any act or omission of the Trustee or the Buyer since the Time of Closing of the Stock Purchase Agreement; provided that any such reduction in price shall not include any diminution caused by any failure of Seller to use its best efforts under paragraph 1 of the Management Agreement, as hereinafter defined), and the Trustee, or his successor or assignee shall deliver to Seller duly executed certificates in valid form evidencing all of the issued and outstanding shares of the capital stock of Buyer, duly endorsed in blank or accompanied by duly executed stock powers with the requisite stock transfer stamps, if any, attached.

(d) Service Contracts. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, all design contracts, space planning contracts, construction contracts, subcontracts and purchase orders, utility contracts, water and sewer service contracts, other service contracts of any nature, maintenance contracts, management contracts, mortgage documents, certificates of occupancy, warranties, permits, soils reports, insurance policies, and other contracts or documents, if any, of any nature relating to the Property (the "Service Contracts"). Buyer shall have ten (10) business days after the later of actual receipt of

all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(e) Leases. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, any and all leases affecting the Property or any portion thereof executed or proposed to be executed by Seller along with a list of such leases in the form of Exhibit K hereto. Buyer shall have ten (10) days after the later of actual receipt of all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(f) Compliance with Subdivision Map Act. The recording of a parcel or final map by Seller relating to real property of which the Real Property is a part, such that the Real Property consists of one or more legal lots or parcels as shown on such recorded parcel or final map, on or before October 31, 1987. Seller shall, at Seller's sole cost and expense, proceed expeditiously and with all diligence in causing the recording of such parcel or final map, in full compliance with all laws, rules, regulations and ordinances of all the State of California and of the City or County in which the real property of which the Real Property is a part is located and of all State and Local governmental or quasi-governmental agencies having or claiming jurisdiction over the real property of which the Real Property is a part, including, without limitation, the Subdivision Map Act, Sections 66410, et seq. of the Government Code of the State of California, as amended, and Seller shall, at Seller's sole cost and expense, be solely responsible for causing such parcel or final map to be recorded on or before October 31, 1987. In addition, Seller shall be solely responsible for the cost and performance of any and all conditions and/or obligations imposed in connection with the approval and/or recording of such parcel or final map. Anything herein to the contrary notwithstanding, if the parcel or final map referred to herein is not recorded on or before October 31, 1987, and Buyer determines that Seller has not made significant progress in connection therewith, Buyer shall have the right, but not the obligation, to take whatever steps it deems reasonably necessary, at Seller's sole cost and expense, to cause such parcel or final map to be recorded as soon as possible; provided, however, that if for any reason the parcel or final map referred to herein is not recorded on or before December 31, 1987, whether or not Seller has made significant progress in connection therewith, Buyer shall have the right, but not the obligation, to take whatever steps it deems reasonably necessary, at Seller's sole cost and expense, to cause such parcel or final map to be recorded as soon as possible. Seller agrees to fully cooperate with Buyer in Buyer's efforts to cause the parcel or final map to be recorded as soon as possible, which cooperation shall include, without limitation, Seller's making, executing, acknowledging and filing of all instruments and documents (i) required by all applicable governmental authorities or (ii) deemed reasonably necessary or desirable by Buyer. Seller hereby irrevocably makes, constitutes and appoints Buyer, acting through any of

Buyer's duly authorized officers, as Seller's true and lawful attorney, in its name, place and stead (it being understood that the grant of such power of attorney is coupled with an interest), to make, execute, acknowledge and file all instruments and documents and to take such other actions as may be necessary, after September 30, 1987, to cause the recording of a parcel or final map as contemplated by this Section 4.1(f).

(g) No Default Under Stock Purchase Agreement.

Seller shall not be in default under the terms and conditions of that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of December 30, 1986, between Seller and Trustee, shall not be in default under the Stock Purchase Agreement dated as of December 30, 1986, between Trustee and Waste Management of North America, Inc., a Delaware corporation.

4.2 Failure of Conditions. The foregoing conditions contained in this Article IV are intended solely for the benefit of Buyer. If any of the foregoing conditions are not satisfied for any reason whatsoever, or if any of the foregoing items to be delivered to and/or inspected and/or reviewed by Buyer are disapproved by Buyer, in Buyer's sole and absolute discretion, Buyer shall have the right at its sole election either to waive the condition and/or item(s) in question (provided that with respect to the condition described in Section 4.1(b) Buyer shall continue to have the remedies available under this Agreement or otherwise at law or in equity) and proceed with the purchase or, in the alternative, to terminate this Agreement.

4.3 Extension of Closing Date and Remedies. The Closing Date may be extended, at Buyer's option, a reasonable period of time if required to allow the conditions set forth in Section 4.1 to be satisfied, subject to Buyer's further right to terminate this Agreement upon the expiration of the period of any such extension if all said conditions have not been satisfied. In the event Buyer elects to terminate this Agreement pursuant to this Article IV, Seller shall pay any title and escrow charges, and, except as otherwise expressly provided in this Article IV, neither party shall have any further rights or obligations under this Agreement. Notwithstanding the foregoing, in the event of a breach by Seller of any covenant hereunder material to the purchase of the Property by Buyer, Buyer may elect nevertheless to proceed with the purchase of the Property, reserving the right to collect damages for such breach from Seller, or Buyer may elect to terminate this Agreement by written notice to Seller delivered prior to Closing, and upon such termination Buyer shall be relieved of all further obligations hereunder, the Deposit shall be returned to Buyer and Buyer may proceed against Seller for any damages caused Buyer thereby.

4.4 Consummation of Purchase of Stock. Anything in this Article IV or elsewhere in this Agreement to the contrary notwithstanding, a condition precedent to both Buyer and Seller's obligation to consummate the purchase and sale of the Property pursuant to this Agreement shall be the acquisition of all of the issued and outstanding shares of

capital stock of Buyer by Waste Management of North America, Inc.

ARTICLE V

CLOSING AND ESCROW

5.1 Deposit with Escrow Holder and Escrow Instructions. This instrument shall serve as the instructions to Escrow Holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such additional and supplementary escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any supplementary escrow instructions, the terms and provisions of this Agreement shall control.

5.2 Closing. The closing hereunder (the "Closing") shall mean the recording of the Deed conveying title to the Real Property from Seller to Buyer and shall be held and delivery of all items to be made at the Closing shall be made at the offices of Escrow Holder on December 31, 1987, or such other date prior thereto (the "Closing Date") and/or at such other location as Buyer and Seller may mutually agree in writing. Such date may not be extended without the written approval of both Seller and Buyer, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Escrow Holder shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close. It is agreed that if either party has complied with the terms and conditions of this Agreement as of the Closing Date and the other party is not in a position to close, the party not in a position to close shall be in material breach of this Agreement and the Agreement may be terminated and the party who has so fully complied may exercise any and all remedies available to it at law or in equity, subject to the provisions for liquidated damages set forth herein.

5.3 Delivery by Seller. Not later than five (5) days prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

(a) The Deed, duly executed and acknowledged by Seller, in recordable form, and ready for recordation on the Closing Date;

(b) The Bill of Sale, duly executed by Seller;

(c) Original counterparts of any leases (and amendments thereto, if any, and all records and correspondence relating thereto) covering any portion of the Property, any security deposits relating thereto, and a duly executed and acknowledged Assignment of Leases in the form of Exhibit H hereto;

(d) Originals or copies of all Service Contracts, if any, to be continued by Buyer after the Closing as elected by Buyer, and any warranties or guaranties, if any, received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repairs or alterations of the Improvements;

(e) The Assignment of Service Contracts, Intangible Property and Warranties and Guarantees, duly executed by Seller;

(f) Originals or copies of all building permits and certificates of occupancy for the Improvements;

(g) Notices to the tenants at the Property, if applicable, in the form of Exhibit I hereto, duly executed by Seller;

(h) An escrow closing statement in form and content consistent with this Agreement and otherwise reasonably satisfactory to Buyer and Seller;

(i) An affidavit in the form of Exhibit J hereto confirming that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445;

(j) Any other documents, instruments, data, records, correspondence or agreements called for hereunder or under the Option Agreement which have not previously been delivered.

Buyer may waive compliance on Seller's part under any of the foregoing items by an instrument in writing.

5.4 Delivery by Buyer. On or before the Closing Date, Buyer shall deposit the Purchase Price with Escrow Holder for disbursement to Seller in accordance with the provisions hereof, to be held by Escrow Holder pursuant to disbursement instructions mutually acceptable to Buyer and Seller.

5.5 Other Instruments. In addition to the documents and instruments to be delivered as herein provided, each of the parties hereto shall, from time to time at the request of the other party, execute and deliver to the other party such other instruments of transfer, conveyance and assignment and shall take such other action as may be reasonably required to effectively carry out the terms of this Agreement and/or to transfer and assign to and vest in Buyer, and put Buyer in possession of, the Property.

5.6 Prorations. Any rents actually collected (whether such collection occurs prior to, on or after the Closing), all non-delinquent real property taxes and assessments, any bond assessments assumed by Buyer, water, sewer and utility charges, annual permits and/or inspection fees (calculated on the basis of the respective periods covered thereby), insurance premiums (as to those policies, if any, that Buyer determines will be continued after the Closing), and other expenses normal to the operation and maintenance of the Property shall be prorated as of 12:01 a.m. on the date the Deed is recorded. Seller and Buyer hereby agree

that if any of the aforesaid prorations cannot be calculated within thirty (30) days after the Closing Date, that either party owing the other party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other party, together with interest thereon at the rate of eight percent (8%) per annum from the Closing Date to the date of payment if payment is not made within ten (10) days after delivery of a bill therefor. A statement setting forth such agreed-upon prorations shall be delivered to Escrow Holder. Escrow Holder shall not be required to make any other prorations.

5.7 Costs and Expenses. Buyer and Seller shall each pay one-half (1/2) of Escrow Holder's escrow fee, and Seller shall pay all documentary transfer taxes, transfer or conveyance taxes imposed by the City and/or County in which the Real Property is located, delinquent real property taxes or assessments, and the cost of recording the Grant Deed. Buyer shall bear that portion of the title insurance premium cost, if any, that is in excess of the Title Company's normal and standard premium cost of a CLTA Standard Coverage Owner's Policy of Title Insurance ("CLTA Policy"), with liability in the amount of the Purchase Price, and Seller shall bear that portion of the title insurance premium cost that is equal to the premium cost that would be incurred if such a CLTA Policy were issued.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller hereby represents and warrants to and agrees with Buyer as follows (it being understood by the parties hereto that there are no representations or warranties made herein by Seller with respect to the Handling of Wastes (as defined in the Stock Purchase Agreement) or the condition of the Real Property, other than as set forth in the Stock Purchase Agreement):

6.1 Condition of Property. Between the date hereof and the date of acquisition of all of the issued and outstanding shares of capital stock of Buyer by WMI, there will be no material change in the condition of the Property or in the level of compliance with all applicable governmental laws, ordinances, regulations and requirements.

6.2 Reports, Contracts and Other Documents. The survey, leases, certificates of occupancy, and all other books and records relating to or affecting the Property, and the Service Contracts, if any, and all other contracts or documents delivered to Buyer pursuant to this Agreement or in connection with the execution hereof are and at the time of Closing will be true and correct copies, are and at the time of Closing will be in full force and effect, without default by (or notice of default to) any party, and contain no inaccuracies or misstatements of fact, and all such contracts, leases and other documents relating to or affecting the Property have been or will be delivered to the Buyer pursuant to this Agreement.

6.3 Land-Use Regulation. There are no condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which could detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property, nor has Seller received notice of any special assessment proceedings affecting the Property.

6.4 Leases. Except as set forth in Exhibit K hereto (to be provided by Seller in accordance with Section 4.1(e) hereof), Seller has not executed or otherwise entered into any leases, tenancies, occupancy agreements or other agreements with respect to rights affecting possession of the Property or any portion thereof and there are no such agreements entered into or executed by any third party, and there is no default on the part of Seller, as lessor, or on the part of any lessee, and there exists no condition that with the passage of time or the giving of notice or both would constitute such a default.

6.5 Service Contracts and Other Agreements. Seller has not entered into and there are no Service Contracts or other agreements affecting the Property, there is no obligation of Seller under the terms of any contract, lease or other instrument relating to or affecting the Property to assume any obligation thereof other than the contracts, leases and other documents required to be disclosed pursuant to this Agreement, and there will be, as of the Closing Date, no obligation of Buyer under the terms of any contract, lease or other instrument affecting the Property other than the contracts, leases or other documents which Buyer has elected to assume pursuant to this Agreement.

6.6 Agreements Affecting the Property. There are no leases, easements, encumbrances or other agreements affecting the Property except as shown in the preliminary title report delivered to Buyer pursuant to Section 4.1(c) hereof, or as otherwise disclosed to Buyer by Seller in writing and approved by Buyer.

6.7 Default in Respect of Appurtenances. There is no default under or in respect of any of the Appurtenances on the part of any party thereto and no condition exists that with the passage of time or giving of notice or both would constitute such a default.

6.8 Litigation. There is no litigation pending or to the best of Seller's knowledge threatened against Seller or to the best of Seller's knowledge any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or adversely affect the ability of Seller to perform its obligations under this Agreement.

6.9 Utilities. All water, sewer, gas, electric, telephone, and all other utilities required by law or by the normal use and operation of the Property are, and at the time of Closing will be, connected and operating pursuant to valid permits.

6.10 Use Permits and Other Approvals. To the best of Seller's knowledge, Seller has obtained all easements and rights of way, including proof of dedication, required from all governmental authorities having jurisdiction over the Property or from private parties for the normal use and operation of the Property and to ensure free and unimpeded vehicular and pedestrian ingress to and egress from the Property as required to permit the normal intended usage of the Property by the tenants thereof, their invitees and customers.

6.11 Authority of Seller. This Agreement and all documents executed by Seller which are to be delivered to Buyer at or prior to the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Seller, are or at the time of Closing will be legal, valid, and binding obligations of Seller enforceable in accordance with their terms, are and at the time of Closing will be sufficient to convey title (if they purport to do so), and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

6.12 Use and Operation of Property. Seller knows of no facts nor has Seller failed to disclose to Buyer any fact which would prevent Buyer from using and operating the Property after Closing in the manner in which the Property is being operated as of the date hereof.

6.13 Other Contracts to Convey Property. Seller has not committed nor obligated itself in any manner whatsoever to sell the Property to any party other than Buyer. Seller has not hypothecated or assigned any rents or income from the Property in any manner. At the Closing Date, Seller will not have hypothecated or assigned any rents or income from the Property in any manner.

6.14 Property Tax Assessment. Notwithstanding any other provision of this Agreement to the contrary, if Buyer shall become liable after the Closing for payment of any property taxes assessed against the Property for any period of time prior to the Closing Date, Seller shall immediately pay to Buyer on demand an amount equal to such tax assessment in accordance with Section 5.6 hereof.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows: This Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Buyer, and are or at the Closing will be legal, valid, and binding obligations of Buyer, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

ARTICLE VIII

LOSS BY FIRE OR OTHER CASUALTY; CONDEMNATION

In the event that, prior to Closing, the Property is destroyed or materially damaged (as reasonably determined by Buyer), or if condemnation proceedings are threatened or commenced against the Property, Buyer shall have the right, exercisable by giving notice of such decision to Seller within fifteen (15) business days after receiving written notice from Seller of such damage, destruction or condemnation proceedings, to terminate this Agreement, in which case, neither party shall have any further rights or obligations hereunder and the Deposit shall be returned to Buyer. If Buyer elects to accept the Property in its then condition, all proceeds of insurance or condemnation awards payable to Seller by reason of such damage, destruction or condemnation shall be paid or assigned to Buyer. In the event of non-material damage to the Property, which damage Seller is unwilling to repair or replace at its expense prior to or within a reasonable time after the Closing Date, Buyer shall have the right, exercisable by giving notice within fifteen (15) business days after receiving written notice of such damage, either (a) to terminate this Agreement as hereinabove in this Article VIII provided, or (b) to accept the Property in its then condition and proceed with the purchase, in which case Buyer shall be entitled to a reduction of the Purchase Price to the extent of the cost of repairing or replacing such damage as determined by Buyer based on bids or other advice from one or more qualified contractors, architects or engineers selected by Buyer. For purposes of any repairs or replacements under this Article VIII, the Closing Date may be extended, at Buyer's election, for a reasonable time to allow such repairs or replacements to be made.

ARTICLE IX

DELIVERY OF POSSESSION AND ENTRY ON PROPERTY

9.1 Delivery of Possession. Possession of the Property shall be delivered to Buyer on the Closing Date.

9.2 Entry on Property. Seller shall afford Buyer reasonable access to the Property for the purposes of satisfying Buyer with respect to the representations, warranties, and covenants of Seller contained herein, with respect to satisfaction of any conditions precedent to the Closing contained herein, and with respect to the condition of the Property. Buyer shall have the right to conduct such inspections and tests of the Property as Buyer deems appropriate, including, but not limited to, soils and geological tests, building inspections, reviews of the zoning and other land use controls and restrictions affecting the Property and surrounding land, and reviews of the availability of utilities, rail service and other services necessary or appropriate to the operation of the Property. In this regard, Buyer may obtain, at Buyer's sole option and expense, such written reports and studies as Buyer may deem appropriate, a survey containing sufficient information to

permit the issuance of an ALTA Policy covering the Property, and any permits, authorizations or approvals from governmental agencies having authority over the Property which Buyer deems necessary or appropriate.

ARTICLE X

MAINTENANCE AND OPERATION OF THE PROPERTY

10.1 Maintenance. In addition to Seller's other obligations hereunder, Seller shall, subject to and in accordance with the terms and provisions of that certain Management Agreement (the "Management Agreement"), by and between Buyer and Seller, of even date herewith, maintain the Property in good order, condition and repair, reasonable wear and tear excepted, shall perform all work required to be done by the landlord under the terms of any lease affecting the Property, and, subject to and in accordance with the terms and provisions of the Management Agreement, shall make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the the date first above written, the same as though Seller were retaining the Property.

10.2 Leases and Other Agreements. Seller shall not, after the date of first above written, enter into or terminate any lease, amendment of lease, contract or agreement pertaining to the Property or permit any tenant of the Property to enter into or terminate any sublease, assignment of lease, contract or agreement pertaining to the Property, or modify any lease, contract or agreement pertaining to the Property or waive any rights of Seller thereunder, without in each case obtaining Buyer's prior written consent thereto.

10.3 Encumbrances. Seller shall not, after the date first above written, mortgage, encumber or suffer to be encumbered all or any portion of the Property, without the prior written consent of Buyer.

ARTICLE XI

EXCHANGE

11.1 Exchange. Instead of the sale of the Property by Seller to Buyer, Seller shall have the right to locate other real property or properties ("Exchange Property") for the purpose of effecting a tax-deferred exchange (under IRC Section 1031) of the Property and/or to arrange for the terms of Seller's acquisition of Exchange Property. If Seller does locate such Exchange Property or enter into an exchange agreement with the owner(s) thereof or other third parties ("Exchange Parties") and notifies Buyer in writing of same on or before June 30, 1987, then, at Seller's option (a) Buyer shall enter into a written contract with such Exchange Parties to purchase such Exchange Property and transfer the ownership thereof from Buyer to Seller in consideration of and concurrently with the transfer of the

Property to Buyer; or (b) Seller shall enter into an exchange agreement with such Exchange Parties and, on the acquisition of such Exchange Property, those parties shall concurrently transfer the ownership of the Property to Buyer in accordance with the terms and provisions of sale set forth in this Agreement. Buyer agrees to accept title to the Property from such Exchange Parties. In no event, however, shall Buyer be required to make a total cash payment for the Exchange Property, including all costs and expenses of that purchase, in excess of the sum of the Purchase Price and all costs and expenses Buyer is required to make hereunder, nor shall Buyer be required to assume any secured loan on any Exchange Property to be acquired by Buyer, execute any promissory note or other evidence of indebtedness in connection with any acquisition of Exchange Property which would impose any personal liability on Buyer for its payment, make any representations or warranties beyond those made in the Agreement which would impose any personal liability on Buyer, or actually take title to the Exchange Property. Buyer shall make a good faith diligent effort (but shall not be required to deposit money sooner than required hereunder) (i) to acquire the Exchange Property when Seller has located it and negotiated its purchase, or (ii) to accept title from the Exchange Parties. Seller shall be required to sell the Property directly to Buyer and Buyer shall be required to purchase the Property directly from Seller for the price and on the terms set forth in this Agreement only if (i) Seller is unable to locate Exchange Property and Buyer is unable to acquire it, (ii) Seller is unable to make arrangements for title to the Property to be transferred to Buyer through a third party within the time period provided in this Agreement, or (iii) if Seller shall waive its right to locate Exchange Property for the purpose of effecting a tax-deferred exchange pursuant to this Article XI. In the event an exchange is made in lieu of a purchase hereunder, Seller shall reimburse Buyer for the amount, if any, by which (i) the total cash payment made to the Exchange Parties, including all of Buyer's costs of escrow, title insurance premiums spent to acquire the Exchange Property, documentary transfer taxes and all prorations, reasonable attorneys' fees and real estate brokerage commissions, all of which shall be approved by Seller before Buyer enters into any agreement of purchase with the Exchange Parties, exceeds (ii) the sum of the Purchase Price and all costs and expenses Buyer is required to incur hereunder. In the event that through no fault of or lack of performance by Buyer, the intended exchange is not completed on or before December 31, 1987, Seller agrees to transfer title to the Property to Buyer on that date under the terms and provisions of sale set forth in this Agreement. Seller agrees to hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, attorneys' fees and expenses) that may arise from Buyer's participation in the exchange.

ARTICLE XII
MISCELLANEOUS

12.1 Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

<u>If to Seller:</u>	CalMat Co. 3200 San Fernando Road Los Angeles, CA 90051 Attn: S.J. Wilcott
<u>If to Buyer:</u>	Valley Reclamation Co. c/o Waste Management of North America, Inc. 3001 Butterfield Road Oak Brook, Illinois 60521 Attn: Michael Slattery, Esq.

with a copy to	Wyman, Bautzer, Christensen, Kuchel & Silbert 2049 Century Park East Suite 1400 Los Angeles, CA 90067 Attn: Peter M. Weil, Esq.
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<u>If to Escrow Holder</u>	Chicago Title Insurance Company 3280 East Foothill Blvd. Pasadena, CA 91107 Attn: Escrow Officer
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or such other address as either party may from time to time specify in writing to the other in the manner aforesaid. If personally delivered, such notices or other communications shall be deemed delivered upon delivery. If sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, such notices or other communications shall be deemed delivered upon delivery or refusal to accept delivery as indicated on the return receipt. In addition, copies of all notices and other communications required or permitted to be given under this Agreement shall be delivered to David A. Pearre, as Trustee of the Valley Reclamation Charitable Trust at 17109 Saint Andrews Drive, Poway, California 92064, in the manner aforesaid.

12.2 Brokers and Finders. In connection with the transactions contemplated by this Agreement (a) Seller hereby represents and warrants to Buyer that Seller has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation, and (b) Buyer hereby represents and warrants to Seller that Buyer has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees

and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify and hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 11.2 shall survive the Closing.

12.3 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns, except that Seller's interest under this Agreement may not be assigned, encumbered or otherwise transferred whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Buyer. Buyer shall not have the right to assign to any third party or entity all of Buyer's right, title and interest in and to the Property and this Agreement; provided, however, that notwithstanding anything to the contrary contained herein, Buyer shall have the right to assign all of Buyer's right, title and interest in and to the Property and this Agreement to any of its affiliates.

12.4 Amendments. This Agreement may be amended or modified only by a written instrument executed by the party asserted to be bound thereby.

12.5 Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall remain true and correct as of the time of Closing, shall be deemed to be material, and shall survive the execution and delivery of this Agreement, the delivery of the Deed and transfer of title. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in connection with the transaction contemplated hereby shall constitute representations and warranties hereunder.

12.6 Interpretation. Whenever used herein, the term "including" shall be deemed to be followed by the words "without limitation." Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. The captions and headings of the Articles and Sections of this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12.8 Merger of Prior Agreements. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property and supercedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

12.9 Attorneys' Fees. In the event either Buyer or Seller brings any suit or other proceeding with respect to the subject matter or enforcement of this Agreement, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover attorneys' fees, expenses and costs of investigation.

12.10 Time of the Essence. Time is of the essence of this Agreement.

12.11 Specific Performance. The parties understand and agree that the Property is unique and for that reason, among others, Buyer will be irreparably damaged in the event that this Agreement is not specifically enforced. Accordingly, in the event of any breach or default in or of this Agreement or any of the warranties, terms or provisions hereof by Seller, Buyer shall have, in addition to a claim for damages for such breach or default, and in addition and without prejudice to any right or remedy available at law or in equity, the right to demand and have specific performance of this Agreement.

12.12 Authority. The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

12.13 Exhibits. The exhibits attached hereto are hereby incorporated by reference herein.

12.14 Memorandum of Agreement. Concurrently with the execution of this Agreement, Seller shall execute, acknowledge and deliver to Buyer a Memorandum of Agreement in the form of Exhibit L hereto, which Buyer may record in the appropriate records of the County in which the Property is situated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Buyer: VALLEY RECLAMATION CO.,
a California corporation

By: [Signature]
Its: [Signature]

Seller: CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: [Signature]

LIST OF EXHIBITS

- A: Legal Description of Land
- B: Description of Personal Property
- C: Description of Intangible Property
- D: Form of Grant Deed
- E: Form of Bill of Sale for Personal Property
- F: Form of Assignment of Service Contracts, Intangible Property, Warranties and Guarantees
- G: Form of Tenant Estoppel Certificate
- H: Form of Assignment of Leases
- I: Form of Notice to Tenants
- J: Form of Affidavit of Non-Foreign Status
- K: List of Leases
- L: Form of Memorandum of Purchase and Sale Agreement and Escrow Instructions

Legal Description of Land
[to be provided]

Description of Personal Property

None.

Description of Intangible Property

None.

Grant Deed

[to follow]

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to VALLEY RECLAMATION CO., a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1986.

"Transferor"
CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Transferee"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1986, is by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of December __, 1986, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"ASSIGNEE"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated _____, by and between Lessee and _____ as Lessor, for premises located at _____ (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies, the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except _____.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is _____.

(5) That the termination date of the Lease is _____.

(6) That monthly rent for the Premises is _____.

(7) That monthly rent and other charges under the Lease are paid to _____, 19__.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$_____; (ii) Advance Rental -- \$_____; (iii) Key Deposit \$_____; (iv) Sign Deposit \$_____; Other (specify) \$_____.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied, except (if none, so state) _____.

(10) That there are no defaults by either Lessor or Lessee under the Lease, except (if none, so state) _____.

(11) That there are no options in the Lease (if none, so state) _____.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor, except (if none, so state) _____.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease (if none, so state) _____.

EXECUTED THIS _____ DAY OF _____, 19__.

LESSEE: _____

By _____

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts the foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Assignee"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

FORM OF NOTICE TO TENANTS

_____, 198_

TO: (Tenant)

RE: Sale of _____ ("Property")

CALMAT CO., a Delaware corporation is pleased to
announce the sale of _____ to VALLEY
RECLAMATION CO., a California corporation on _____,
198_.

Please note the following important change in rent
payment and notice procedure. Rents and all other charges
due under your lease should be made payable to _____
and mailed for receipt at the time required by your lease
addressed as follows:

All notices from you to the landlord concerning
any matter relating to your lease should be sent to
_____ at the foregoing address.

Very truly yours,

CALMAT CO., a Delaware
corporation

By: _____

Its: _____

AFFIDAVIT OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest located in the City of _____, County of _____, State of California, by CALMAT CO., a Delaware corporation ("CALMAT"), I hereby certify the following on behalf of the transferor:

1. CALMAT is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. CALMAT's U.S. employer identification number is _____;

3. CALMAT's main office address is _____; and

4. I, the undersigned individual, declare that I have authority to sign this document on behalf of CALMAT.

CALMAT understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

DATED: December __, 1986

CALMAT CO., a Delaware corporation

By: _____

Its: _____

LIST OF LEASES

Lessee

Address

Lease Term

[To be provided]

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

VALLEY RECLAMATION CO.
3200 San Fernando Road
Los Angeles, California 90065
Attention: S.J. Wilcott

MEMORANDUM OF PURCHASE

THIS MEMORANDUM OF PURCHASE is made and entered into as of this ____ day of December, 1986, by and between CALMAT CO., a Delaware corporation, ("Owner"), and VALLEY RECLAMATION CO., a California corporation ("Purchaser"), with reference to the following facts.

A. Owner is the owner of that certain real property (the "Property") more particularly described in Exhibit A, which is attached hereto and incorporated by reference herein.

B. Purchaser desires to purchase from Owner and Owner desires to sell to Purchaser the Property on the terms set forth in that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase Agreement") of even date herewith, by and between Owner and Purchaser.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Owner and Purchaser agree as follows:

1. Owner hereby unconditionally and irrevocably grants to Purchaser the exclusive right to purchase the Property in accordance with the terms and conditions set forth in the Purchase Agreement. This right to Purchase shall expire on December 31, 1987, unless extended in accordance with the terms and provisions of the Purchase Agreement.

2. The Purchase Agreement is incorporated by reference herein, and, in the event of any conflicts or inconsistencies between the terms and provisions of this Memorandum of Purchase and terms and provisions of the Purchase Agreement, the terms and provisions of the Purchase Agreement shall control, it being understood and agreed by Owner and Purchaser that the sole purpose of this Memorandum of Purchase is to provide notice of the Purchase Agreement and that this Memorandum of Purchase shall not alter,

modify, restrict, limit or otherwise affect any of the terms and provisions of the Purchase Agreement or any of the rights or obligations created therein.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Purchase as of the date first above written.

Owner: CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

Purchaser: VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

FOR TAX STATEMENTS TO

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

TO 1921 CA 112-741

THIS FORM FURNISHED BY TICON TITLE INSURERS

A. P. N.

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$_____.

() computed on full value of property conveyed, or

() computed on full value less value of liens and encumbrances remaining at time of sale.

() Unincorporated area: () City of _____, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

a corporation organized under the laws of the State of _____

hereby GRANTS to

the following described real property in the

County of _____

, State of California:

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its _____ President and _____ Secretary thereunto duly authorized.

Dated: _____

STATE OF CALIFORNIA

COUNTY OF _____

} SS.

On _____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____

known to me to be the _____ President, and

_____ known to me to be

Secretary of the Corporation that executed the

within Instrument, known to me to be the persons who executed the

within Instrument on behalf of the Corporation therein named, and

acknowledged to me that such Corporation executed the within Instru-

ment pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal

By _____

President

By _____

Secretary

AGREEMENT OF PURCHASE AND SALE OF PARCEL 2
AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT OF PURCHASE AND SALE OF PARCEL 2 AND JOINT ESCROW INSTRUCTIONS (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Seller"), and VALLEY RECLAMATION CO., a California corporation ("Buyer"), with reference to the following facts:

A. Seller is the owner of the Property, as herein-after defined.

B. Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Property on the terms and conditions set forth herein.

C. Concurrently herewith, Buyer and Seller have also entered into that certain Reciprocal Easement Agreement (the "Easement Agreement"), even date herewith, relating to the Land (as hereinafter defined), and other real property owned by Seller.

D. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 1 and Joint Escrow Instructions, of even date herewith, pertaining to the property more particularly described therein (the "Parcel 1 Agreement").

E. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 3 and Joint Escrow Instructions, of even date herewith, pertaining to the property more particularly described therein.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I

PROPERTY

Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, the following:

1.1 Land. That certain land outlined on Exhibit A hereto (the "Land"); provided, however, that it is understood and agreed that the precise description of the Land is subject to the review and approval of Buyer based upon the items to be provided pursuant to Section 4.1(c) hereof;

1.2 Appurtenances. All rights, privileges and easements appurtenant to the Land, including, without limitation, all minerals, oil, gas and other hydrocarbon

substances on and under the Land (if owned by Seller), as well as all development rights, air rights, water, water rights and water stock (if any) relating to the Land and any other easements, rights-of-way or appurtenances used in connection with the beneficial use and enjoyment of the Land (all of which are collectively referred to as the "Appurtenances");

1.3 Improvements. All improvements and fixtures located on the Land, including, without limitation, all buildings and structures presently located on the Land (all of which are collectively referred to as the "Improvements");

1.4 Personal Property. All personal property of Seller, if any, located on or in or used in connection with the Land and/or the Improvements (except for the conveyor system running across the Land and used by Seller in connection with its operation on real property adjacent to the Land), including without limitation the personal property described in Exhibit B hereto (the "Personal Property"); and

1.5 Intangible Property. All right, title and interest of Seller in and to any and all intangible personal property now or through the Closing Date (as hereinafter defined) owned by Seller, if any, and used in the ownership, use and operation of the Land, Improvements and/or Personal Property, including, without limitation, the right to use any trade name now used in connection with the Land or the Improvements and, to the extent that the same are approved by Buyer pursuant to the provisions of this Agreement, any and all contracts and lease rights, agreements, utility contracts and other rights relating to the ownership, use and operation of all or any part of the Property, including without limitation the intangible personal property described in Exhibit C hereto (all of which are collectively referred to as the "Intangible Property").

The items described in Sections 1.1, 1.2, 1.3, 1.4 and 1.5 above are herein sometimes referred to collectively as the "Property." The items described in Sections 1.1, 1.2, and 1.3 are herein sometimes referred to collectively as the "Real Property."

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price. The total purchase price for the Property shall be determined by multiplying the sum of \$12,500,000 by a fraction, the numerator of which is the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is the sum of the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the total square footage of the "Land" as defined in the Parcel 1 Agreement as set forth on the survey to be provided pursuant to Section 4.1(c)(2) of the Parcel 1 Agreement (the "Purchase Price"). The Purchase Price shall be subject to the closing adjustments set forth in Article V.

2.2 Payment of Purchase Price. The Purchase Price shall be deposited by Buyer with Safeco Title Insurance Company ("Escrow Holder"), 13640 Roscoe Boulevard, Panorama City, California 91409, on or before the Closing Date (as hereinafter defined) by wire transfer or cashier's check.

In the event the sale of the Property as contemplated hereunder is consummated, such amounts to be paid as set forth herein shall be credited towards the Purchase Price. In the event the sale of the Property is not consummated because of the failure of any condition or any other reason, all such amounts shall immediately be returned to Buyer.

ARTICLE III

TITLE TO PROPERTY

3.1 Title. At the Closing (as hereinafter defined), Seller shall convey to Buyer marketable and insurable fee simple title to the Real Property, by duly executed and acknowledged grant deed in the form of Exhibit D hereto (the "Deed"). Evidence of delivery of marketable and insurable fee simple title shall be the issuance by Safeco Title Insurance Company (the "Title Company") of an ALTA Owner's Policy of Title Insurance (Form B, Rev. 10/17/77) in the full amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements, in Buyer, subject only to such exceptions as Buyer shall approve pursuant to Section 4.1(c), and shall contain such endorsements as Buyer may require.

3.2 Bill of Sale. At the Closing, Seller shall transfer title to the Personal Property, if any, by a bill of sale in the form of Exhibit E hereto (the "Bill of Sale"), free of any liens, encumbrances or interests of third parties.

3.3 Assignment of Intangible Property. At the Closing, Seller shall transfer all of its right, title and interest in and to all (i) Service Contracts (as hereinafter defined); (ii) all Intangible Property; and (iii) any warranties and guarantees, if any, which Buyer elects to assume in its sole and absolute discretion, by an Assignment of Service Contracts, Intangible Property, Warranties and Guarantees, in the form of Exhibit F hereto (the "Assignment of Service Contracts, Intangible Property, Warranties and Guarantees"), free and clear of any liens, encumbrances or interests of third parties.

ARTICLE IV

CONDITIONS TO CLOSING

4.1 Buyer's Conditions. The following conditions are conditions precedent to Buyer's obligation to purchase the Property:

(a) Tenant Estoppel Certificates. Seller obtaining and delivering to Buyer tenant estoppel certificates in form and substance satisfactory to Buyer from any and all tenants occupying any portion of the Property (the "Tenant Estoppel Certificates") not later than twenty (20) days prior to the Closing Date. The Tenant Estoppel Certificates shall be in substantially the form of Exhibit G hereto and shall be dated no earlier than thirty (30) days prior to the Closing Date.

(b) Representations and Warranties. All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date, and Seller shall have complied with all of Seller's covenants and agreements contained in or made pursuant to this Agreement, including, without limitation, those set forth in Article X hereof.

(c) Title. Not later than twenty (20) days following the date first above written Seller shall deliver to Buyer, at Seller's sole cost and expense, all of the following:

(1) a current extended coverage preliminary title report on the Real Property, accompanied by copies of all documents referred to in the report;

(2) an "as-built" survey of the Real Property by a licensed surveyor or civil engineer who is reasonably acceptable to Buyer. Said survey shall be acceptable to, and certified to, Buyer and in sufficient detail to provide the basis for an ALTA Owner's Policy of Title Insurance without boundary, encroachment or survey exceptions, and shall show the location of all easements, including that certain easement created of even date herewith and more particularly described in the Easement Agreement, and improvements (including underground improvements), and any and all other pertinent information with respect to the Property. The survey shall also indicate the total acreage and total square footage of the Land and any encroachments of improvements onto easements or onto adjacent properties or certify to their absence and shall indicate the presence of improvements and easements on property adjoining the Land if located within five (5) feet of the boundaries of the Land; and

(3) copies of all existing and proposed easements, covenants, restrictions, agreements or other documents which affect the Property and which are not disclosed by the preliminary title report, or, if no such documents exist, a certification of Seller to that effect. Title to the Real Property shall be subject only to such exceptions as Buyer shall approve in Buyer's sole and absolute discretion. Buyer shall advise Seller within ten (10) days after the later of actual receipt of all of the foregoing or the date first above written, what exceptions to title, if any, will be accepted by Buyer. Seller shall have five (5) business days after receipt of Buyer's objections to give Buyer notice: (i) that Seller will remove any objectionable exceptions from title and provide Buyer with

evidence satisfactory to Buyer of such removal, or provide Buyer with evidence satisfactory to Buyer that said exceptions will be removed on or before the Closing; or (ii) that Seller elects not to cause such exceptions to be removed. If Seller gives Buyer notice under clause (ii), Buyer shall have five (5) business days to elect to proceed with the purchase and take the Property subject to such exceptions, or to terminate this Agreement. If Buyer shall fail to give Seller notice of its election within said five (5) business days, Buyer shall be deemed to have elected to terminate this Agreement, each party shall bear their own costs incurred under this Agreement, and all other sums deposited by Buyer with Escrow Holder shall immediately be returned to Buyer. If Seller shall give notice pursuant to clause (i) and shall fail to remove any such objectionable exceptions from title prior to the Closing Date, and Buyer is unwilling to take title subject thereto, Seller shall be in default hereunder and, without limiting Buyer's rights and remedies against Seller, Buyer may elect to terminate this Agreement and Seller shall be liable for all of Buyer's damages, including, without limitation, Buyer's costs and expenses incurred hereunder, including, without limitation, title and escrow costs and reasonable attorneys' fees and expenses. If for any reason Buyer disapproves of title to the Real Property as herein provided, then, in addition to all of Buyer's other rights and remedies, whether provided for herein or otherwise at law or in equity, it is understood and agreed that Seller shall have the absolute and unconditional obligation to immediately repurchase all of the issued and outstanding shares of capital stock of Buyer from David A. Pearre, as trustee (the "Trustee") under the Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986, or his successor or assignee, for \$48,400,000 (less any amounts necessary to compensate Seller for any diminution in the net worth of Buyer caused by any act or omission of the Trustee or the Buyer since the Time of Closing of the Stock Purchase Agreement; provided that any such reduction in price shall not include any diminution caused by any failure of Seller to use its best efforts under paragraph 1 of the Management Agreement, as hereinafter defined), and the Trustee, or his successor or assignee shall deliver to Seller duly executed certificates in valid form evidencing all of the issued and outstanding shares of the capital stock of Buyer, duly endorsed in blank or accompanied by duly executed stock powers with the requisite stock transfer stamps, if any, attached.

(d) Service Contracts. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, all design contracts, space planning contracts, construction contracts, subcontracts and purchase orders, utility contracts, water and sewer service contracts, other service contracts of any nature, maintenance contracts, management contracts, mortgage documents, certificates of occupancy, warranties, permits, soils reports, insurance policies, and other contracts or documents, if any, of any nature relating to the Property (the "Service Contracts"). Buyer shall have ten (10) business days after the later of actual receipt of

all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(e) Leases. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, any and all leases affecting the Property or any portion thereof executed or proposed to be executed by Seller along with a list of such leases in the form of Exhibit K hereto. Buyer shall have ten (10) days after the later of actual receipt of all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(f) No Default Under Stock Purchase Agreement. Seller shall not be in default under the terms and conditions of that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of December 31, 1986, between Seller and Trustee, shall not be in default under the Stock Purchase Agreement dated as of December 31, 1986, between Trustee and Waste Management of North America, Inc., an Illinois corporation.

4.2 Failure of Conditions. The foregoing conditions contained in this Article IV are intended solely for the benefit of Buyer. If any of the foregoing conditions are not satisfied for any reason whatsoever, or if any of the foregoing items to be delivered to and/or inspected and/or reviewed by Buyer are disapproved by Buyer, in Buyer's sole and absolute discretion, Buyer shall have the right at its sole election either to waive the condition and/or item(s) in question (provided that with respect to the condition described in Section 4.1(b) Buyer shall continue to have the remedies available under this Agreement or otherwise at law or in equity) and proceed with the purchase or, in the alternative, to terminate this Agreement.

4.3 Extension of Closing Date and Remedies. The Closing Date may be extended, at Buyer's option, a reasonable period of time if required to allow the conditions set forth in Section 4.1 to be satisfied, subject to Buyer's further right to terminate this Agreement upon the expiration of the period of any such extension if all said conditions have not been satisfied. In the event Buyer elects to terminate this Agreement pursuant to this Article IV, Seller shall pay any title and escrow charges, and, except as otherwise expressly provided in this Article IV, neither party shall have any further rights or obligations under this Agreement. Notwithstanding the foregoing, in the event of a breach by Seller of any covenant hereunder material to the purchase of the Property by Buyer, Buyer may elect nevertheless to proceed with the purchase of the Property, reserving the right to collect damages for such breach from Seller, or Buyer may elect to terminate this Agreement by written notice to Seller delivered prior to Closing, and upon such termination Buyer shall be relieved of all further obligations hereunder, the Deposit shall be returned to Buyer and Buyer may proceed against Seller for any damages caused Buyer thereby.

4.4 Consummation of Purchase of Stock. Anything in this Article IV or elsewhere in this Agreement to the contrary notwithstanding, a condition precedent to both Buyer and Seller's obligation to consummate the purchase and sale of the Property pursuant to this Agreement shall be the acquisition of all of the issued and outstanding shares of capital stock of Buyer by Waste Management of North America, Inc.

ARTICLE V

CLOSING AND ESCROW

5.1 Deposit with Escrow Holder and Escrow Instructions. This instrument shall serve as the instructions to Escrow Holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such additional and supplementary escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any supplementary escrow instructions, the terms and provisions of this Agreement shall control.

5.2 Closing. The closing hereunder (the "Closing") shall mean the recording of the Deed conveying title to the Real Property from Seller to Buyer and shall be held and delivery of all items to be made at the Closing shall be made at the offices of Escrow Holder on December 31, 1987, or such other date prior thereto (the "Closing Date") and/or at such other location as Buyer and Seller may mutually agree in writing. Such date may not be extended without the written approval of both Seller and Buyer, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Escrow Holder shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close. It is agreed that if either party has complied with the terms and conditions of this Agreement as of the Closing Date and the other party is not in a position to close, the party not in a position to close shall be in material breach of this Agreement and the Agreement may be terminated and the party who has so fully complied may exercise any and all remedies available to it at law or in equity, subject to the provisions for liquidated damages set forth herein.

5.3 Delivery by Seller. Not later than five (5) days prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

(a) The Deed, duly executed and acknowledged by Seller, in recordable form, and ready for recordation on the Closing Date;

(b) The Bill of Sale, duly executed by Seller;

(c) Original counterparts of any leases (and amendments thereto, if any, and all records and correspondence relating thereto) covering any portion of the Property, any security deposits relating thereto, and a duly executed and acknowledged Assignment of Leases in the form of Exhibit H hereto;

(d) Originals or copies of all Service Contracts, if any, to be continued by Buyer after the Closing as elected by Buyer, and any warranties or guaranties, if any, received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repairs or alterations of the Improvements;

(e) The Assignment of Service Contracts, Intangible Property and Warranties and Guarantees, duly executed by Seller;

(f) Originals or copies of all building permits and certificates of occupancy for the Improvements;

(g) Notices to the tenants at the Property, if applicable, in the form of Exhibit I hereto, duly executed by Seller;

(h) An escrow closing statement in form and content consistent with this Agreement and otherwise reasonably satisfactory to Buyer and Seller;

(i) An affidavit in the form of Exhibit J hereto confirming that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445;

(j) Any other documents, instruments, data, records, correspondence or agreements called for hereunder which have not previously been delivered.

Buyer may waive compliance on Seller's part under any of the foregoing items by an instrument in writing.

5.4 Delivery by Buyer. On or before the Closing Date, Buyer shall deposit the Purchase Price with Escrow Holder for disbursement to Seller in accordance with the provisions hereof, to be held by Escrow Holder pursuant to disbursement instructions mutually acceptable to Buyer and Seller.

5.5 Other Instruments. In addition to the documents and instruments to be delivered as herein provided, each of the parties hereto shall, from time to time at the request of the other party, execute and deliver to the other party such other instruments of transfer, conveyance and assignment and shall take such other action as may be reasonably required to effectively carry out the terms of this Agreement and/or to transfer and assign to and vest in Buyer, and put Buyer in possession of, the Property.

5.6 Prorations. Any rents actually collected (whether such collection occurs prior to, on or after the Closing), all non-delinquent real property taxes and assessments, any bond assessments assumed by Buyer, water, sewer and utility charges, annual permits and/or inspection fees

(calculated on the basis of the respective periods covered thereby), insurance premiums (as to those policies, if any, that Buyer determines will be continued after the Closing), and other expenses normal to the operation and maintenance of the Property shall be prorated as of 12:01 a.m. on the date the Deed is recorded. Seller and Buyer hereby agree that if any of the aforesaid prorations cannot be calculated within thirty (30) days after the Closing Date, that either party owing the other party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other party, together with interest thereon at the rate of eight percent (8%) per annum from the Closing Date to the date of payment if payment is not made within ten (10) days after delivery of a bill therefor. A statement setting forth such agreed-upon prorations shall be delivered to Escrow Holder. Escrow Holder shall not be required to make any other prorations.

5.7 Costs and Expenses. Buyer and Seller shall each pay one-half (1/2) of Escrow Holder's escrow fee, and Seller shall pay all documentary transfer taxes, transfer or conveyance taxes imposed by the City and/or County in which the Real Property is located, delinquent real property taxes or assessments, and the cost of recording the Grant Deed. Buyer shall bear that portion of the title insurance premium cost, if any, that is in excess of the Title Company's normal and standard premium cost of a CLTA Standard Coverage Owner's Policy of Title Insurance ("CLTA Policy"), with liability in the amount of the Purchase Price, and Seller shall bear that portion of the title insurance premium cost that is equal to the premium cost that would be incurred if such a CLTA Policy were issued.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller hereby represents and warrants to and agrees with Buyer as follows (it being understood by the parties hereto that there are no representations or warranties made herein by Seller with respect to the Handling of Wastes (as defined in the Stock Purchase Agreement) or the condition of the Real Property, other than as set forth in the Stock Purchase Agreement):

6.1 Condition of Property. Between the date hereof and the date of acquisition of all of the issued and outstanding shares of capital stock of Buyer by Waste Management of North America, Inc., there will be no material change in the condition of the Property or in the level of compliance with all applicable governmental laws, ordinances, regulations and requirements.

6.2 Reports, Contracts and Other Documents. The survey, leases, certificates of occupancy, and all other books and records relating to or affecting the Property, and the Service Contracts, if any, and all other contracts or documents delivered to Buyer pursuant to this Agreement or in connection with the execution hereof are and at the time of Closing will be true and correct copies, are and at the time

of Closing will be in full force and effect, without default by (or notice of default to) any party, and contain no inaccuracies or misstatements of fact, and all such contracts, leases and other documents relating to or affecting the Property have been or will be delivered to the Buyer pursuant to this Agreement.

6.3 Land-Use Regulation. There are no condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which could detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property, nor has Seller received notice of any special assessment proceedings affecting the Property.

6.4 Leases. Except as set forth in Exhibit K hereto (to be provided by Seller in accordance with Section 4.1(e) hereof), Seller has not executed or otherwise entered into any leases, tenancies, occupancy agreements or other agreements with respect to rights affecting possession of the Property or any portion thereof and there are no such agreements entered into or executed by any third party, and there is no default on the part of Seller, as lessor, or on the part of any lessee, and there exists no condition that with the passage of time or the giving of notice or both would constitute such a default.

6.5 Service Contracts and Other Agreements. Seller has not entered into and there are no Service Contracts or other agreements affecting the Property, there is no obligation of Seller under the terms of any contract, lease or other instrument relating to or affecting the Property to assume any obligation thereof other than the contracts, leases and other documents required to be disclosed pursuant to this Agreement, and there will be, as of the Closing Date, no obligation of Buyer under the terms of any contract, lease or other instrument affecting the Property other than the contracts, leases or other documents which Buyer has elected to assume pursuant to this Agreement.

6.6 Agreements Affecting the Property. There are no leases, easements, encumbrances or other agreements affecting the Property except as shown in the preliminary title report delivered to Buyer pursuant to Section 4.1(c) hereof, or as otherwise disclosed to Buyer by Seller in writing and approved by Buyer.

6.7 Default in Respect of Appurtenances. There is no default under or in respect of any of the Appurtenances on the part of any party thereto and no condition exists that with the passage of time or giving of notice or both would constitute such a default.

6.8 Litigation. There is no litigation pending or to the best of Seller's knowledge threatened against Seller or to the best of Seller's knowledge any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or adversely affect the ability of Seller to perform its obligations under this Agreement.

6.9 Utilities. All water, sewer, gas, electric, telephone, and all other utilities required by law or by the normal use and operation of the Property are, and at the time of Closing will be, connected and operating pursuant to valid permits.

6.10 Use Permits and Other Approvals. To the best of Seller's knowledge, Seller has obtained all easements and rights of way, including proof of dedication, required from all governmental authorities having jurisdiction over the Property or from private parties for the normal use and operation of the Property and to ensure free and unimpeded vehicular and pedestrian ingress to and egress from the Property as required to permit the normal intended usage of the Property by the tenants thereof, their invitees and customers.

6.11 Authority of Seller. This Agreement and all documents executed by Seller which are to be delivered to Buyer at or prior to the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Seller, are or at the time of Closing will be legal, valid, and binding obligations of Seller enforceable in accordance with their terms, are and at the time of Closing will be sufficient to convey title (if they purport do to so), and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

6.12 Use and Operation of Property. Seller knows of no facts nor has Seller failed to disclose to Buyer any fact which would prevent Buyer from using and operating the Property after Closing in the manner in which the Property is being operated as of the date hereof.

6.13 Other Contracts to Convey Property. Seller has not committed nor obligated itself in any manner whatsoever to sell the Property to any party other than Buyer. Seller has not hypothecated or assigned any rents or income from the Property in any manner. At the Closing Date, Seller will not have hypothecated or assigned any rents or income from the Property in any manner.

6.14 Property Tax Assessment. Notwithstanding any other provision of this Agreement to the contrary, if Buyer shall become liable after the Closing for payment of any property taxes assessed against the Property for any period of time prior to the Closing Date, Seller shall immediately pay to Buyer on demand an amount equal to such tax assessment in accordance with Section 5.6 hereof.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows: This Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Buyer, and are or at the Closing will be legal,

valid, and binding obligations of Buyer, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

ARTICLE VIII

LOSS BY FIRE OR OTHER CASUALTY; CONDEMNATION

In the event that, prior to Closing, the Property is destroyed or materially damaged (as reasonably determined by Buyer), or if condemnation proceedings are threatened or commenced against the Property, Buyer shall have the right, exercisable by giving notice of such decision to Seller within fifteen (15) business days after receiving written notice from Seller of such damage, destruction or condemnation proceedings, to terminate this Agreement, in which case, neither party shall have any further rights or obligations hereunder and the Deposit shall be returned to Buyer. If Buyer elects to accept the Property in its then condition, all proceeds of insurance or condemnation awards payable to Seller by reason of such damage, destruction or condemnation shall be paid or assigned to Buyer. In the event of non-material damage to the Property, which damage Seller is unwilling to repair or replace at its expense prior to or within a reasonable time after the Closing Date, Buyer shall have the right, exercisable by giving notice within fifteen (15) business days after receiving written notice of such damage, either (a) to terminate this Agreement as hereinabove in this Article VIII provided, or (b) to accept the Property in its then condition and proceed with the purchase, in which case Buyer shall be entitled to a reduction of the Purchase Price to the extent of the cost of repairing or replacing such damage as determined by Buyer based on bids or other advice from one or more qualified contractors, architects or engineers selected by Buyer. For purposes of any repairs or replacements under this Article VIII, the Closing Date may be extended, at Buyer's election, for a reasonable time to allow such repairs or replacements to be made.

ARTICLE IX

DELIVERY OF POSSESSION AND ENTRY ON PROPERTY

9.1 Delivery of Possession. Possession of the Property shall be delivered to Buyer on the Closing Date.

9.2 Entry on Property. Seller shall afford Buyer reasonable access to the Property for the purposes of satisfying Buyer with respect to the representations, warranties, and covenants of Seller contained herein, with respect to satisfaction of any conditions precedent to the Closing contained herein, and with respect to the condition of the Property. Buyer shall have the right to conduct such inspections and tests of the Property as Buyer deems appropriate, including, but not limited to, soils and geological tests, building inspections, reviews of the zoning and other land use controls and restrictions affecting the Property and surrounding land, and reviews of the availability

of utilities, rail service and other services necessary or appropriate to the operation of the Property. In this regard, Buyer may obtain, at Buyer's sole option and expense, such written reports and studies as Buyer may deem appropriate, a survey containing sufficient information to permit the issuance of an ALTA Policy covering the Property, and any permits, authorizations or approvals from governmental agencies having authority over the Property which Buyer deems necessary or appropriate.

ARTICLE X

MAINTENANCE AND OPERATION OF THE PROPERTY

10.1 Maintenance. In addition to Seller's other obligations hereunder, Seller shall, subject to and in accordance with the terms and provisions of that certain Management Agreement (the "Management Agreement"), by and between Buyer and Seller, of even date herewith, maintain the Property in good order, condition and repair, reasonable wear and tear excepted, shall perform all work required to be done by the landlord under the terms of any lease affecting the Property, and, subject to and in accordance with the terms and provisions of the Management Agreement, shall make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the the date first above written, the same as though Seller were retaining the Property.

10.2 Leases and Other Agreements. Seller shall not, after the date of first above written, enter into or terminate any lease, amendment of lease, contract or agreement pertaining to the Property or permit any tenant of the Property to enter into or terminate any sublease, assignment of lease, contract or agreement pertaining to the Property, or modify any lease, contract or agreement pertaining to the Property or waive any rights of Seller thereunder, without in each case obtaining Buyer's prior written consent thereto.

10.3 Encumbrances. Seller shall not, after the date first above written, mortgage, encumber or suffer to be encumbered all or any portion of the Property, without the prior written consent of Buyer.

ARTICLE XI

EXCHANGE AND TWO PHASE CLOSING

11.1 Exchange. Instead of the sale of the Property by Seller to Buyer, Seller shall have the right to locate other real property or properties ("Exchange Property") for the purpose of effecting a tax-deferred exchange (under IRC Section 1031) of the Property and/or to arrange for the terms of Seller's acquisition of Exchange Property. If Seller does locate such Exchange Property or enter into an exchange agreement with the owner(s) thereof or other third parties ("Exchange Parties") and notifies Buyer in writing of same on or before June 30, 1987, then, at Seller's option

(a) Buyer shall enter into a written contract with such Exchange Parties to purchase such Exchange Property and transfer the ownership thereof from Buyer to Seller in consideration of and concurrently with the transfer of the Property to Buyer; or (b) Seller shall enter into an exchange agreement with such Exchange Parties and, upon Seller's acquisition of such Exchange Property, the Exchange Parties shall concurrently transfer the ownership of the Property to Buyer in accordance with the terms and provisions of sale set forth in this Agreement. Buyer agrees to accept title to the Property from such Exchange Parties. In no event, however, shall Buyer be required to make a total cash payment for the Exchange Property, including all costs and expenses of that purchase, in excess of the sum of the Purchase Price and all costs and expenses Buyer is required to make hereunder, nor shall Buyer be required to assume any secured loan on any Exchange Property to be acquired by Buyer, execute any promissory note or other evidence of indebtedness in connection with any acquisition of Exchange Property which would impose any personal liability on Buyer for its payment, make any representations or warranties beyond those made in the Agreement which would impose any personal liability on Buyer, or actually take title to the Exchange Property. Buyer shall make a good faith diligent effort (but shall not be required to deposit money sooner than required hereunder) to comply with all terms of any and all contracts entered into in connection with such tax-deferred exchange. Seller shall be required to sell the Property directly to Buyer and Buyer shall be required to purchase the Property directly from Seller for the price and on the terms set forth in this Agreement only if (i) Seller is unable to locate Exchange Property and Buyer is unable to acquire it, (ii) Seller is unable to make arrangements for title to the Property to be transferred to Buyer through a third party within the time period provided in this Agreement, or (iii) if Seller shall waive its right to locate Exchange Property for the purpose of effecting a tax-deferred exchange pursuant to this Article XI. In the event an exchange is made in lieu of a purchase hereunder, Seller shall reimburse Buyer for the amount, if any, by which (i) the total cash payment made to the Exchange Parties, including all of Buyer's costs of escrow, title insurance premiums spent to acquire the Exchange Property, documentary transfer taxes and all prorations, reasonable attorneys' fees and real estate brokerage commissions, all of which shall be approved by Seller before Buyer enters into any agreement of purchase with the Exchange Parties, exceeds (ii) the sum of the Purchase Price and all costs and expenses Buyer is required to incur hereunder. In the event that through no fault of or lack of performance by Buyer, the intended exchange is not completed on or before December 31, 1987, Seller agrees to transfer title to the Property to Buyer on that date under the terms and provisions of sale set forth in this Agreement. Seller agrees to hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, attorneys' fees and expenses) that may arise from Buyer's participation in the exchange.

11.2 Two Phase Closing In the event that Seller locates Exchange Property in accordance with this Article XI, Seller shall have the right to effect the Closing in two phases ("Phase I" and "Phase II"); provided, that the portion of the Property transferred in Phase I and in Phase II of the Closing shall consist solely of one or more legal lots or parcels. In such event, the total purchase price for the portion of the Property transferred in Phase I (the "Phase I Property") shall be determined by multiplying the Purchase Price by a fraction, the numerator of which is the total square footage of the Phase I Property as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is of the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof (the "Phase I Purchase Price"), and the total purchase price for the portion of the property transferred in Phase II (the "Phase II Property") shall be determined by multiplying the Purchase Price by a fraction, the numerator of which is the total square footage of the Phase II Property as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof (the "Phase II Purchase Price"). In all other respects, the terms and conditions of this Agreement shall apply with equal force with respect to the Closing of the Phase I Property and the Phase II Property.

ARTICLE XII

MISCELLANEOUS

12.1 Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

If to Seller:

CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90051
Attn: S.J. Wilcott

If to Buyer:

Valley Reclamation Co.
c/o Waste Management of
North America, Inc.
3003 Butterfield Road
Oak Brook, Illinois 60521
Attn: Michael Slattery, Esq.

with a copy to:

Wyman, Bautzer, Christensen,
Kuchel & Silbert
2049 Century Park East
Suite 1400
Los Angeles, CA 90067
Attn: Peter M. Weil, Esq.

If to Escrow Holder:

Chicago Title Insurance Company
3280 East Foothill Blvd.
Pasadena, CA 91107
Attn: Escrow Officer

or such other address as either party may from time to time specify in writing to the other in the manner aforesaid. If

personally delivered, such notices or other communications shall be deemed delivered upon delivery. If sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, such notices or other communications shall be deemed delivered upon delivery or refusal to accept delivery as indicated on the return receipt. In addition, copies of all notices and other communications required or permitted to be given under this Agreement shall be delivered to David A. Pearre, as Trustee, at 17109 Saint Andrews Drive, Poway, California 92064, in the manner aforesaid.

12.2 Brokers and Finders. In connection with the transactions contemplated by this Agreement (a) Seller hereby represents and warrants to Buyer that Seller has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation, and (b) Buyer hereby represents and warrants to Seller that Buyer has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify and hold Seller harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify and hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 12.2 shall survive the Closing.

12.3 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns, except that Seller's interest under this Agreement may not be assigned, encumbered or otherwise transferred whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Buyer. Buyer shall not have the right to assign to any third party or entity all of Buyer's right, title and interest in and to the Property and this Agreement; provided, however, that notwithstanding anything to the contrary contained herein, Buyer shall have the right to assign all of Buyer's right, title and interest in and to the Property and this Agreement to any of its affiliates.

12.4 Amendments. This Agreement may be amended or modified only by a written instrument executed by the party asserted to be bound thereby.

12.5 Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall remain

true and correct as of the time of Closing, shall be deemed to be material, and shall survive the execution and delivery of this Agreement, the delivery of the Deed and transfer of title. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in connection with the transaction contemplated hereby shall constitute representations and warranties hereunder.

12.6 Interpretation. Whenever used herein, the term "including" shall be deemed to be followed by the words "without limitation." Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. The captions and headings of the Articles and Sections of this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12.8 Merger of Prior Agreements. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property and supersedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

12.9 Attorneys' Fees. In the event either Buyer or Seller brings any suit or other proceeding with respect to the subject matter or enforcement of this Agreement, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover attorneys' fees, expenses and costs of investigation.

12.10 Time of the Essence. Time is of the essence of this Agreement.

12.11 Specific Performance. The parties understand and agree that the Property is unique and for that reason, among others, Buyer will be irreparably damaged in the event that this Agreement is not specifically enforced. Accordingly, in the event of any breach or default in or of this Agreement or any of the warranties, terms or provisions hereof by Seller, Buyer shall have, in addition to a claim for damages for such breach or default, and in addition and without prejudice to any right or remedy available at law or in equity, the right to demand and have specific performance of this Agreement.

12.12 Authority. The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

12.13 Exhibits. The exhibits attached hereto are hereby incorporated by reference herein.

12.14 Memorandum of Agreement. Concurrently with the execution of this Agreement, Seller shall execute, acknowledge and deliver to Buyer a Memorandum of Agreement in the form of Exhibit L hereto, which Buyer may record in the appropriate records of the County in which the Property is situated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Buyer: VALLEY RECLAMATION CO.,
a California corporation

By: [Signature]

Its: [Signature]

Seller: CALMAT CO.,
a Delaware corporation

By: [Signature]

Its: [Signature]

LIST OF EXHIBITS

- A: Description of Land
- B: Description of Personal Property
- C: Description of Intangible Property
- D: Form of Grant Deed
- E: Form of Bill of Sale for Personal Property
- F: Form of Assignment of Service Contracts, Intangible Property, Warranties and Guarantees
- G: Form of Tenant Estoppel Certificate
- H: Form of Assignment of Leases
- I: Form of Notice to Tenants
- J: Form of Affidavit of Non-Foreign Status
- K: List of Leases
- L: Form of Memorandum of Purchase and Sale Agreement and Escrow Instructions

Description of Land

EXHIBIT A

Description of Personal Property

None.

EXHIBIT B

Description of Intangible Property

None.

EXHIBIT C

Grant Deed

[to follow]

EXHIBIT D

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to VALLEY RECLAMATION CO., a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1986.

"Transferor"
CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Transferee"
VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT E

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1986, is by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of December __, 1986, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"ASSIGNEE"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT F

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated _____, by and between Lessee and _____ as Lessor, for premises located at _____ (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies, the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except _____.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is _____.

(5) That the termination date of the Lease is _____.

(6) That monthly rent for the Premises is _____.

(7) That monthly rent and other charges under the Lease are paid to _____, 19__.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$ _____; (ii) Advance Rental -- \$ _____; (iii) Key Deposit \$ _____; (iv) Sign Deposit \$ _____; Other (specify) \$ _____.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied, except (if none, so state) _____.

(10) That there are no defaults by either Lessor or Lessee under the Lease, except (if none, so state) _____.

EXHIBIT G

(11) That there are no options in the Lease (if none, so state) _____.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor, except (if none, so state) _____.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease (if none, so state) _____.

EXECUTED THIS _____ DAY OF _____, 19__.

LESSEE: _____

By _____

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts the foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Assignee"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT H

FORM OF NOTICE TO TENANTS

_____, 198_

TO: (Tenant)

RE: Sale of _____ ("Property")

CALMAT CO., a Delaware corporation is pleased to announce the sale of _____ to VALLEY RECLAMATION CO., a California corporation on _____, 198_.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to _____ and mailed for receipt at the time required by your lease addressed as follows:

All notices from you to the landlord concerning any matter relating to your lease should be sent to _____ at the foregoing address.

Very truly yours,

CALMAT CO., a Delaware
corporation

By: _____

Its: _____

EXHIBIT I

AFFIDAVIT OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest located in the City of _____, County of _____, State of California, by CALMAT CO., a Delaware corporation ("CALMAT"), I hereby certify the following on behalf of the transferor:

1. CALMAT is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. CALMAT's U.S. employer identification number is _____;

3. CALMAT's main office address is _____; and

4. I, the undersigned individual, declare that I have authority to sign this document on behalf of CALMAT.

CALMAT understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

DATED: December __, 1986

CALMAT CO., a Delaware corporation

By: _____

Its: _____

EXHIBIT J

LIST OF LEASES

Lessee

Address

Lease Term

[To be provided]

EXHIBIT K

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

VALLEY RECLAMATION CO.
3200 San Fernando Road
Los Angeles, California 90065
Attention: S.J. Wilcott

MEMORANDUM OF PURCHASE

THIS MEMORANDUM OF PURCHASE is made and entered into as of this _____ day of December, 1986, by and between CALMAT CO., a Delaware corporation, ("Owner"), and VALLEY RECLAMATION CO., a California corporation ("Purchaser"), with reference to the following facts.

A. Owner is the owner of that certain real property (the "Property") more particularly described in Exhibit A, which is attached hereto and incorporated by reference herein.

B. Purchaser desires to purchase from Owner and Owner desires to sell to Purchaser the Property on the terms set forth in that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase Agreement") of even date herewith, by and between Owner and Purchaser.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Owner and Purchaser agree as follows:

1. Owner hereby unconditionally and irrevocably grants to Purchaser the exclusive right to purchase the Property in accordance with the terms and conditions set forth in the Purchase Agreement. This right to Purchase shall expire on December 31, 1987, unless extended in accordance with the terms and provisions of the Purchase Agreement.

2. The Purchase Agreement is incorporated by reference herein, and, in the event of any conflicts or inconsistencies between the terms and provisions of this Memorandum of Purchase and terms and provisions of the Purchase Agreement, the terms and provisions of the Purchase Agreement shall control, it being understood and agreed by Owner and Purchaser that the sole purpose of this Memorandum of Purchase is to provide notice of the Purchase Agreement and that this Memorandum of Purchase shall not alter,

EXHIBIT L

modify, restrict, limit or otherwise affect any of the terms and provisions of the Purchase Agreement or any of the rights or obligations created therein.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Purchase as of the date first above written.

Owner: CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

Purchaser: VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

Ltr 8-01727-67
New 87-66769-

AGREEMENT OF PURCHASE AND SALE OF PARCEL 2
AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT OF PURCHASE AND SALE OF PARCEL 2 AND JOINT ESCROW INSTRUCTIONS (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Seller"), and VALLEY RECLAMATION CO., a California corporation ("Buyer"), with reference to the following facts:

A. Seller is the owner of the Property, as herein-after defined.

B. Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Property on the terms and conditions set forth herein.

C. Concurrently herewith, Buyer and Seller have also entered into that certain Reciprocal Easement Agreement (the "Easement Agreement"), even date herewith, relating to the Land (as hereinafter defined), and other real property owned by Seller.

D. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 1 and Joint Escrow Instructions, of even date herewith, pertaining to the property more particularly described therein (the "Parcel 1 Agreement").

E. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 3 and Joint Escrow Instructions, of even date herewith, to the property more particularly described therein.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I

PROPERTY

Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, the following:

1.1 Land. That certain land outlined on Exhibit A hereto (the "Land"); provided, however, that it is understood and agreed that the precise description of the Land is subject to the review and approval of Buyer based upon the items to be provided pursuant to Section 4.1(c) hereof;

1.2 Appurtenances. All rights, privileges and easements appurtenant to the Land, including, without limitation, all minerals, oil, gas and other hydrocarbon

substances on and under the Land (if owned by Seller), as well as all development rights, air rights, water, water rights and water stock (if any) relating to the Land and any other easements, rights-of-way or appurtenances used in connection with the beneficial use and enjoyment of the Land (all of which are collectively referred to as the "Appurtenances");

1.3 Improvements. All improvements and fixtures located on the Land, including, without limitation, all buildings and structures presently located on the Land (all of which are collectively referred to as the "Improvements");

1.4 Personal Property. All personal property of Seller, if any, located on or in or used in connection with the Land and/or the Improvements (except for the conveyor system running across the Land and used by Seller in connection with its operation on real property adjacent to the Land), including without limitation the personal property described in Exhibit B hereto (the "Personal Property"); and

1.5 Intangible Property. All right, title and interest of Seller in and to any and all intangible personal property now or through the Closing Date (as hereinafter defined) owned by Seller, if any, and used in the ownership, use and operation of the Land, Improvements and/or Personal Property, including, without limitation, the right to use any trade name now used in connection with the Land or the Improvements and, to the extent that the same are approved by Buyer pursuant to the provisions of this Agreement, any and all contracts and lease rights, agreements, utility contracts and other rights relating to the ownership, use and operation of all or any part of the Property, including without limitation the intangible personal property described in Exhibit C hereto (all of which are collectively referred to as the "Intangible Property").

The items described in Sections 1.1, 1.2, 1.3, 1.4 and 1.5 above are herein sometimes referred to collectively as the "Property." The items described in Sections 1.1, 1.2, and 1.3 are herein sometimes referred to collectively as the "Real Property."

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price. The total purchase price for the Property shall be determined by multiplying the sum of \$12,500,000 by a fraction, the numerator of which is the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is the sum of the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the total square footage of the "Land" as defined in the Parcel 1 Agreement as set forth on the survey to be provided pursuant to Section 4.1(c)(2) of the Parcel 1 Agreement (the "Purchase Price"). The Purchase Price shall be subject to the closing adjustments set forth in Article V.

2.2 Payment of Purchase Price. The Purchase Price shall be deposited by Buyer with Safeco Title Insurance Company ("Escrow Holder"), 13640 Roscoe Boulevard, Panorama City, California 91409, on or before the Closing Date (as hereinafter defined) by wire transfer or cashier's check.

In the event the sale of the Property as contemplated hereunder is consummated, such amounts to be paid as set forth herein shall be credited towards the Purchase Price. In the event the sale of the Property is not consummated because of the failure of any condition or any other reason, all such amounts shall immediately be returned to Buyer.

ARTICLE III

TITLE TO PROPERTY

3.1 Title. At the Closing (as hereinafter defined), Seller shall convey to Buyer marketable and insurable fee simple title to the Real Property, by duly executed and acknowledged grant deed in the form of Exhibit D hereto (the "Deed"). Evidence of delivery of marketable and insurable fee simple title shall be the issuance by Safeco Title Insurance Company (the "Title Company") of an ALTA Owner's Policy of Title Insurance (Form B, Rev. 10/17/77) in the full amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements, in Buyer, subject only to such exceptions as Buyer shall approve pursuant to Section 4.1(c), and shall contain such endorsements as Buyer may require.

3.2 Bill of Sale. At the Closing, Seller shall transfer title to the Personal Property, if any, by a bill of sale in the form of Exhibit E hereto (the "Bill of Sale"), free of any liens, encumbrances or interests of third parties.

3.3 Assignment of Intangible Property. At the Closing, Seller shall transfer all of its right, title and interest in and to all (i) Service Contracts (as hereinafter defined); (ii) all Intangible Property; and (iii) any warranties and guarantees, if any, which Buyer elects to assume in its sole and absolute discretion, by an Assignment of Service Contracts, Intangible Property, Warranties and Guarantees, in the form of Exhibit F hereto (the "Assignment of Service Contracts, Intangible Property, Warranties and Guarantees"), free and clear of any liens, encumbrances or interests of third parties.

ARTICLE IV

CONDITIONS TO CLOSING

4.1 Buyer's Conditions. The following conditions are conditions precedent to Buyer's obligation to purchase the Property:

(a) Tenant Estoppel Certificates. Seller obtaining and delivering to Buyer tenant estoppel certificates in form and substance satisfactory to Buyer from any and all tenants occupying any portion of the Property (the "Tenant Estoppel Certificates") not later than twenty (20) days prior to the Closing Date. The Tenant Estoppel Certificates shall be in substantially the form of Exhibit G hereto and shall be dated no earlier than thirty (30) days prior to the Closing Date.

(b) Representations and Warranties. All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date, and Seller shall have complied with all of Seller's covenants and agreements contained in or made pursuant to this Agreement, including, without limitation, those set forth in Article X hereof.

(c) Title. Not later than twenty (20) days following the date first above written Seller shall deliver to Buyer, at Seller's sole cost and expense, all of the following:

(1) a current extended coverage preliminary title report on the Real Property, accompanied by copies of all documents referred to in the report;

(2) an "as-built" survey of the Real Property by a licensed surveyor or civil engineer who is reasonably acceptable to Buyer. Said survey shall be acceptable to, and certified to, Buyer and in sufficient detail to provide the basis for an ALTA Owner's Policy of Title Insurance without boundary, encroachment or survey exceptions, and shall show the location of all easements, including that certain easement created of even date herewith and more particularly described in the Easement Agreement, and improvements (including underground improvements), and any and all other pertinent information with respect to the Property. The survey shall also indicate the total acreage and total square footage of the Land and any encroachments of improvements onto easements or onto adjacent properties or certify to their absence and shall indicate the presence of improvements and easements on property adjoining the Land if located within five (5) feet of the boundaries of the Land; and

(3) copies of all existing and proposed easements, covenants, restrictions, agreements or other documents which affect the Property and which are not disclosed by the preliminary title report, or, if no such documents exist, a certification of Seller to that effect. Title to the Real Property shall be subject only to such exceptions as Buyer shall approve in Buyer's sole and absolute discretion. Buyer shall advise Seller within ten (10) days after the later of actual receipt of all of the foregoing or the date first above written, what exceptions to title, if any, will be accepted by Buyer. Seller shall have five (5) business days after receipt of Buyer's objections to give Buyer notice: (i) that Seller will remove any objectionable exceptions from title and provide Buyer with

evidence satisfactory to Buyer of such removal, or provide Buyer with evidence satisfactory to Buyer that said exceptions will be removed on or before the Closing; or (ii) that Seller elects not to cause such exceptions to be removed. If Seller gives Buyer notice under clause (ii), Buyer shall have five (5) business days to elect to proceed with the purchase and take the Property subject to such exceptions, or to terminate this Agreement. If Buyer shall fail to give Seller notice of its election within said five (5) business days, Buyer shall be deemed to have elected to terminate this Agreement, each party shall bear their own costs incurred under this Agreement, and all other sums deposited by Buyer with Escrow Holder shall immediately be returned to Buyer. If Seller shall give notice pursuant to clause (i) and shall fail to remove any such objectionable exceptions from title prior to the Closing Date, and Buyer is unwilling to take title subject thereto, Seller shall be in default hereunder and, without limiting Buyer's rights and remedies against Seller, Buyer may elect to terminate this Agreement and Seller shall be liable for all of Buyer's damages, including, without limitation, Buyer's costs and expenses incurred hereunder, including, without limitation, title and escrow costs and reasonable attorneys' fees and expenses. If for any reason Buyer disapproves of title to the Real Property as herein provided, then, in addition to all of Buyer's other rights and remedies, whether provided for herein or otherwise at law or in equity, it is understood and agreed that Seller shall have the absolute and unconditional obligation to immediately repurchase all of the issued and outstanding shares of capital stock of Buyer from David A. Pearre, as trustee (the "Trustee") under the Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986, or his successor or assignee, for \$48,400,000 (less any amounts necessary to compensate Seller for any diminution in the net worth of Buyer caused by any act or omission of the Trustee or the Buyer since the Time of Closing of the Stock Purchase Agreement; provided that any such reduction in price shall not include any diminution caused by any failure of Seller to use its best efforts under paragraph 1 of the Management Agreement, as hereinafter defined), and the Trustee, or his successor or assignee shall deliver to Seller duly executed certificates in valid form evidencing all of the issued and outstanding shares of the capital stock of Buyer, duly endorsed in blank or accompanied by duly executed stock powers with the requisite stock transfer stamps, if any, attached.

(d) Service Contracts. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, all design contracts, space planning contracts, construction contracts, subcontracts and purchase orders, utility contracts, water and sewer service contracts, other service contracts of any nature, maintenance contracts, management contracts, mortgage documents, certificates of occupancy, warranties, permits, soils reports, insurance policies, and other contracts or documents, if any, of any nature relating to the Property (the "Service Contracts"). Buyer shall have ten (10) business days after the later of actual receipt of

all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(e) Leases. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, any and all leases affecting the Property or any portion thereof executed or proposed to be executed by Seller along with a list of such leases in the form of Exhibit K hereto. Buyer shall have ten (10) days after the later of actual receipt of all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(f) No Default Under Stock Purchase Agreement. Seller shall not be in default under the terms and conditions of that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of December 30, 1986, between Seller and Trustee, shall not be in default under the Stock Purchase Agreement dated as of December 30, 1986, between Trustee and Waste Management of North America, Inc., a Delaware corporation.

4.2 Failure of Conditions. The foregoing conditions contained in this Article IV are intended solely for the benefit of Buyer. If any of the foregoing conditions are not satisfied for any reason whatsoever, or if any of the foregoing items to be delivered to and/or inspected and/or reviewed by Buyer are disapproved by Buyer, in Buyer's sole and absolute discretion, Buyer shall have the right at its sole election either to waive the condition and/or item(s) in question (provided that with respect to the condition described in Section 4.1(b) Buyer shall continue to have the remedies available under this Agreement or otherwise at law or in equity) and proceed with the purchase or, in the alternative, to terminate this Agreement.

4.3 Extension of Closing Date and Remedies. The Closing Date may be extended, at Buyer's option, a reasonable period of time if required to allow the conditions set forth in Section 4.1 to be satisfied, subject to Buyer's further right to terminate this Agreement upon the expiration of the period of any such extension if all said conditions have not been satisfied. In the event Buyer elects to terminate this Agreement pursuant to this Article IV, Seller shall pay any title and escrow charges, and, except as otherwise expressly provided in this Article IV, neither party shall have any further rights or obligations under this Agreement. Notwithstanding the foregoing, in the event of a breach by Seller of any covenant hereunder material to the purchase of the Property by Buyer, Buyer may elect nevertheless to proceed with the purchase of the Property, reserving the right to collect damages for such breach from Seller, or Buyer may elect to terminate this Agreement by written notice to Seller delivered prior to Closing, and upon such termination Buyer shall be relieved of all further obligations hereunder, the Deposit shall be returned to Buyer and Buyer may proceed against Seller for any damages caused Buyer thereby.

4.4 Consummation of Purchase of Stock. Anything in this Article IV or elsewhere in this Agreement to the contrary notwithstanding, a condition precedent to both Buyer and Seller's obligation to consummate the purchase and sale of the Property pursuant to this Agreement shall be the acquisition of all of the issued and outstanding shares of capital stock of Buyer by Waste Management of North America, Inc.

ARTICLE V

CLOSING AND ESCROW

5.1 Deposit with Escrow Holder and Escrow Instructions. This instrument shall serve as the instructions to Escrow Holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such additional and supplementary escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any supplementary escrow instructions, the terms and provisions of this Agreement shall control.

5.2 Closing. The closing hereunder (the "Closing") shall mean the recording of the Deed conveying title to the Real Property from Seller to Buyer and shall be held and delivery of all items to be made at the Closing shall be made at the offices of Escrow Holder on December 31, 1987, or such other date prior thereto (the "Closing Date") and/or at such other location as Buyer and Seller may mutually agree in writing. Such date may not be extended without the written approval of both Seller and Buyer, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Escrow Holder shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close. It is agreed that if either party has complied with the terms and conditions of this Agreement as of the Closing Date and the other party is not in a position to close, the party not in a position to close shall be in material breach of this Agreement and the Agreement may be terminated and the party who has so fully complied may exercise any and all remedies available to it at law or in equity, subject to the provisions for liquidated damages set forth herein.

5.3 Delivery by Seller. Not later than five (5) days prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

(a) The Deed, duly executed and acknowledged by Seller, in recordable form, and ready for recordation on the Closing Date;

(b) The Bill of Sale, duly executed by Seller;

(c) Original counterparts of any leases (and amendments thereto, if any, and all records and correspondence relating thereto) covering any portion of the Property, any security deposits relating thereto, and a duly executed and acknowledged Assignment of Leases in the form of Exhibit H hereto;

(d) Originals or copies of all Service Contracts, if any, to be continued by Buyer after the Closing as elected by Buyer, and any warranties or guaranties, if any, received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repairs or alterations of the Improvements;

(e) The Assignment of Service Contracts, Intangible Property and Warranties and Guarantees, duly executed by Seller;

(f) Originals or copies of all building permits and certificates of occupancy for the Improvements;

(g) Notices to the tenants at the Property, if applicable, in the form of Exhibit I hereto, duly executed by Seller;

(h) An escrow closing statement in form and content consistent with this Agreement and otherwise reasonably satisfactory to Buyer and Seller;

(i) An affidavit in the form of Exhibit J hereto confirming that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445;

(j) Any other documents, instruments, data, records, correspondence or agreements called for hereunder or under the Option Agreement which have not previously been delivered.

Buyer may waive compliance on Seller's part under any of the foregoing items by an instrument in writing.

5.4 Delivery by Buyer. On or before the Closing Date, Buyer shall deposit the Purchase Price with Escrow Holder for disbursement to Seller in accordance with the provisions hereof, to be held by Escrow Holder pursuant to disbursement instructions mutually acceptable to Buyer and Seller.

5.5 Other Instruments. In addition to the documents and instruments to be delivered as herein provided, each of the parties hereto shall, from time to time at the request of the other party, execute and deliver to the other party such other instruments of transfer, conveyance and assignment and shall take such other action as may be reasonably required to effectively carry out the terms of this Agreement and/or to transfer and assign to and vest in Buyer, and put Buyer in possession of, the Property.

5.6 Prorations. Any rents actually collected (whether such collection occurs prior to, on or after the Closing), all non-delinquent real property taxes and assessments, any bond assessments assumed by Buyer, water, sewer and utility charges, annual permits and/or inspection fees

(calculated on the basis of the respective periods covered thereby), insurance premiums (as to those policies, if any, that Buyer determines will be continued after the Closing), and other expenses normal to the operation and maintenance of the Property shall be prorated as of 12:01 a.m. on the date the Deed is recorded. Seller and Buyer hereby agree that if any of the aforesaid prorations cannot be calculated within thirty (30) days after the Closing Date, that either party owing the other party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other party, together with interest thereon at the rate of eight percent (8%) per annum from the Closing Date to the date of payment if payment is not made within ten (10) days after delivery of a bill therefor. A statement setting forth such agreed-upon prorations shall be delivered to Escrow Holder. Escrow Holder shall not be required to make any other prorations.

5.7 Costs and Expenses. Buyer and Seller shall each pay one-half (1/2) of Escrow Holder's escrow fee, and Seller shall pay all documentary transfer taxes, transfer or conveyance taxes imposed by the City and/or County in which the Real Property is located, delinquent real property taxes or assessments, and the cost of recording the Grant Deed. Buyer shall bear that portion of the title insurance premium cost, if any, that is in excess of the Title Company's normal and standard premium cost of a CLTA Standard Coverage Owner's Policy of Title Insurance ("CLTA Policy"), with liability in the amount of the Purchase Price, and Seller shall bear that portion of the title insurance premium cost that is equal to the premium cost that would be incurred if such a CLTA Policy were issued.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller hereby represents and warrants to and agrees with Buyer as follows (it being understood by the parties hereto that there are no representations or warranties made herein by Seller with respect to the Handling of Wastes (as defined in the Stock Purchase Agreement) or the condition of the Real Property, other than as set forth in the Stock Purchase Agreement):

6.1 Condition of Property. Between the date hereof and the date of acquisition of all of the issued and outstanding shares of capital stock of Buyer by WMI, there will be no material change in the condition of the Property or in the level of compliance with all applicable governmental laws, ordinances, regulations and requirements.

6.2 Reports, Contracts and Other Documents. The survey, leases, certificates of occupancy, and all other books and records relating to or affecting the Property, and the Service Contracts, if any, and all other contracts or documents delivered to Buyer pursuant to this Agreement or in connection with the execution hereof are and at the time of Closing will be true and correct copies, are and at the time

of Closing will be in full force and effect, without default by (or notice of default to) any party, and contain no inaccuracies or misstatements of fact, and all such contracts, leases and other documents relating to or affecting the Property have been or will be delivered to the Buyer pursuant to this Agreement.

6.3 Land-Use Regulation. There are no condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which could detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property, nor has Seller received notice of any special assessment proceedings affecting the Property.

6.4 Leases. Except as set forth in Exhibit K hereto (to be provided by Seller in accordance with Section 4.1(e) hereof), Seller has not executed or otherwise entered into any leases, tenancies, occupancy agreements or other agreements with respect to rights affecting possession of the Property or any portion thereof and there are no such agreements entered into or executed by any third party, and there is no default on the part of Seller, as lessor, or on the part of any lessee, and there exists no condition that with the passage of time or the giving of notice or both would constitute such a default.

6.5 Service Contracts and Other Agreements. Seller has not entered into and there are no Service Contracts or other agreements affecting the Property, there is no obligation of Seller under the terms of any contract, lease or other instrument relating to or affecting the Property to assume any obligation thereof other than the contracts, leases and other documents required to be disclosed pursuant to this Agreement, and there will be, as of the Closing Date, no obligation of Buyer under the terms of any contract, lease or other instrument affecting the Property other than the contracts, leases or other documents which Buyer has elected to assume pursuant to this Agreement.

6.6 Agreements Affecting the Property. There are no leases, easements, encumbrances or other agreements affecting the Property except as shown in the preliminary title report delivered to Buyer pursuant to Section 4.1(c) hereof, or as otherwise disclosed to Buyer by Seller in writing and approved by Buyer.

6.7 Default in Respect of Appurtenances. There is no default under or in respect of any of the Appurtenances on the part of any party thereto and no condition exists that with the passage of time or giving of notice or both would constitute such a default.

6.8 Litigation. There is no litigation pending or to the best of Seller's knowledge threatened against Seller or to the best of Seller's knowledge any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or adversely affect the ability of Seller to perform its obligations under this Agreement.

6.9 Utilities. All water, sewer, gas, electric, telephone, and all other utilities required by law or by the normal use and operation of the Property are, and at the time of Closing will be, connected and operating pursuant to valid permits.

6.10 Use Permits and Other Approvals. To the best of Seller's knowledge, Seller has obtained all easements and rights of way, including proof of dedication, required from all governmental authorities having jurisdiction over the Property or from private parties for the normal use and operation of the Property and to ensure free and unimpeded vehicular and pedestrian ingress to and egress from the Property as required to permit the normal intended usage of the Property by the tenants thereof, their invitees and customers.

6.11 Authority of Seller. This Agreement and all documents executed by Seller which are to be delivered to Buyer at or prior to the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Seller, are or at the time of Closing will be legal, valid, and binding obligations of Seller enforceable in accordance with their terms, are and at the time of Closing will be sufficient to convey title (if they purport do to so), and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

6.12 Use and Operation of Property. Seller knows of no facts nor has Seller failed to disclose to Buyer any fact which would prevent Buyer from using and operating the Property after Closing in the manner in which the Property is being operated as of the date hereof.

6.13 Other Contracts to Convey Property. Seller has not committed nor obligated itself in any manner whatsoever to sell the Property to any party other than Buyer. Seller has not hypothecated or assigned any rents or income from the Property in any manner. At the Closing Date, Seller will not have hypothecated or assigned any rents or income from the Property in any manner.

6.14 Property Tax Assessment. Notwithstanding any other provision of this Agreement to the contrary, if Buyer shall become liable after the Closing for payment of any property taxes assessed against the Property for any period of time prior to the Closing Date, Seller shall immediately pay to Buyer on demand an amount equal to such tax assessment in accordance with Section 5.6 hereof.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows: This Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Buyer, and are or at the Closing will be legal,

valid, and binding obligations of Buyer, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

ARTICLE VIII

LOSS BY FIRE OR OTHER CASUALTY; CONDEMNATION

In the event that, prior to Closing, the Property is destroyed or materially damaged (as reasonably determined by Buyer), or if condemnation proceedings are threatened or commenced against the Property, Buyer shall have the right, exercisable by giving notice of such decision to Seller within fifteen (15) business days after receiving written notice from Seller of such damage, destruction or condemnation proceedings, to terminate this Agreement, in which case, neither party shall have any further rights or obligations hereunder and the Deposit shall be returned to Buyer. If Buyer elects to accept the Property in its then condition, all proceeds of insurance or condemnation awards payable to Seller by reason of such damage, destruction or condemnation shall be paid or assigned to Buyer. In the event of non-material damage to the Property, which damage Seller is unwilling to repair or replace at its expense prior to or within a reasonable time after the Closing Date, Buyer shall have the right, exercisable by giving notice within fifteen (15) business days after receiving written notice of such damage, either (a) to terminate this Agreement as hereinabove in this Article VIII provided, or (b) to accept the Property in its then condition and proceed with the purchase, in which case Buyer shall be entitled to a reduction of the Purchase Price to the extent of the cost of repairing or replacing such damage as determined by Buyer based on bids or other advice from one or more qualified contractors, architects or engineers selected by Buyer. For purposes of any repairs or replacements under this Article VIII, the Closing Date may be extended, at Buyer's election, for a reasonable time to allow such repairs or replacements to be made.

ARTICLE IX

DELIVERY OF POSSESSION AND ENTRY ON PROPERTY

9.1 Delivery of Possession. Possession of the Property shall be delivered to Buyer on the Closing Date.

9.2 Entry on Property. Seller shall afford Buyer reasonable access to the Property for the purposes of satisfying Buyer with respect to the representations, warranties, and covenants of Seller contained herein, with respect to satisfaction of any conditions precedent to the Closing contained herein, and with respect to the condition of the Property. Buyer shall have the right to conduct such inspections and tests of the Property as Buyer deems appropriate, including, but not limited to, soils and geological tests, building inspections, reviews of the zoning and other land use controls and restrictions affecting the Property and surrounding land, and reviews of the availability

of utilities, rail service and other services necessary or appropriate to the operation of the Property. In this regard, Buyer may obtain, at Buyer's sole option and expense, such written reports and studies as Buyer may deem appropriate, a survey containing sufficient information to permit the issuance of an ALTA Policy covering the Property, and any permits, authorizations or approvals from governmental agencies having authority over the Property which Buyer deems necessary or appropriate.

ARTICLE X

MAINTENANCE AND OPERATION OF THE PROPERTY

10.1 Maintenance. In addition to Seller's other obligations hereunder, Seller shall, subject to and in accordance with the terms and provisions of that certain Management Agreement (the "Management Agreement"), by and between Buyer and Seller, of even date herewith, maintain the Property in good order, condition and repair, reasonable wear and tear excepted, shall perform all work required to be done by the landlord under the terms of any lease affecting the Property, and, subject to and in accordance with the terms and provisions of the Management Agreement, shall make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the the date first above written, the same as though Seller were retaining the Property.

10.2 Leases and Other Agreements. Seller shall not, after the date of first above written, enter into or terminate any lease, amendment of lease, contract or agreement pertaining to the Property or permit any tenant of the Property to enter into or terminate any sublease, assignment of lease, contract or agreement pertaining to the Property, or modify any lease, contract or agreement pertaining to the Property or waive any rights of Seller thereunder, without in each case obtaining Buyer's prior written consent thereto.

10.3 Encumbrances. Seller shall not, after the date first above written, mortgage, encumber or suffer to be encumbered all or any portion of the Property, without the prior written consent of Buyer.

ARTICLE XI

EXCHANGE AND TWO PHASE CLOSING

11.1 Exchange. Instead of the sale of the Property by Seller to Buyer, Seller shall have the right to locate other real property or properties ("Exchange Property") for the purpose of effecting a tax-deferred exchange (under IRC Section 1031) of the Property and/or to arrange for the terms of Seller's acquisition of Exchange Property. If Seller does locate such Exchange Property or enter into an exchange agreement with the owner(s) thereof or other third parties ("Exchange Parties") and notifies Buyer in writing of same on or before June 30, 1987, then, at Seller's option

(a) Buyer shall enter into a written contract with such Exchange Parties to purchase such Exchange Property and transfer the ownership thereof from Buyer to Seller in consideration of and concurrently with the transfer of the Property to Buyer; or (b) Seller shall enter into an exchange agreement with such Exchange Parties and, on the acquisition of such Exchange Property, those parties shall concurrently transfer the ownership of the Property to Buyer in accordance with the terms and provisions of sale set forth in this Agreement. Buyer agrees to accept title to the Property from such Exchange Parties. In no event, however, shall Buyer be required to make a total cash payment for the Exchange Property, including all costs and expenses of that purchase, in excess of the sum of the Purchase Price and all costs and expenses Buyer is required to make hereunder, nor shall Buyer be required to assume any secured loan on any Exchange Property to be acquired by Buyer, execute any promissory note or other evidence of indebtedness in connection with any acquisition of Exchange Property which would impose any personal liability on Buyer for its payment, make any representations or warranties beyond those made in the Agreement which would impose any personal liability on Buyer, or actually take title to the Exchange Property. Buyer shall make a good faith diligent effort (but shall not be required to deposit money sooner than required hereunder) (i) to acquire the Exchange Property when Seller has located it and negotiated its purchase, or (ii) to accept title from the Exchange Parties. Seller shall be required to sell the Property directly to Buyer and Buyer shall be required to purchase the Property directly from Seller for the price and on the terms set forth in this Agreement only if (i) Seller is unable to locate Exchange Property and Buyer is unable to acquire it, (ii) Seller is unable to make arrangements for title to the Property to be transferred to Buyer through a third party within the time period provided in this Agreement, or (iii) if Seller shall waive its right to locate Exchange Property for the purpose of effecting a tax-deferred exchange pursuant to this Article XI. In the event an exchange is made in lieu of a purchase hereunder, Seller shall reimburse Buyer for the amount, if any, by which (i) the total cash payment made to the Exchange Parties, including all of Buyer's costs of escrow, title insurance premiums spent to acquire the Exchange Property, documentary transfer taxes and all prorations, reasonable attorneys' fees and real estate brokerage commissions, all of which shall be approved by Seller before Buyer enters into any agreement of purchase with the Exchange Parties, exceeds (ii) the sum of the Purchase Price and all costs and expenses Buyer is required to incur hereunder. In the event that through no fault of or lack of performance by Buyer, the intended exchange is not completed on or before December 31, 1987, Seller agrees to transfer title to the Property to Buyer on that date under the terms and provisions of sale set forth in this Agreement. Seller agrees to hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, attorneys' fees and expenses) that may arise from Buyer's participation in the exchange.

11.2 Two Phase Closing In the event that Seller locates Exchange Property in accordance with this Article XI, Seller shall have the right to effect the Closing in two phases ("Phase I" and "Phase II"); provided, that the portion of the Property transferred in Phase I and in Phase II of the Closing shall consist solely of one or more legal lots or parcels. In such event, the total purchase price for the portion of the Property transferred in Phase I (the "Phase I Property") shall be determined by multiplying the Purchase Price by a fraction, the numerator of which is the total square footage of the Phase I Property as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is of the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof (the "Phase I Purchase Price"), and the total purchase price for the portion of the property transferred in Phase II (the "Phase II Property") shall be determined by multiplying the Purchase Price by a fraction, the numerator of which is the total square footage of the Phase II Property as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof and the denominator of which is the total square footage of the Land as set forth on the survey to be provided pursuant to Section 4.1(c)(2) hereof (the "Phase II Purchase Price"). In all other respects, the terms and conditions of this Agreement shall apply with equal force with respect to the Closing of the Phase I Property and the Phase II Property.

ARTICLE XII

MISCELLANEOUS

12.1 Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

If to Seller:

CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90051
Attn: S.J. Wilcott

If to Buyer:

Valley Reclamation Co.
c/o Waste Management of
North America, Inc.
3001 Butterfield Road
Oak Brook, Illinois 60521
Attn: Michael Slattery, Esq.

with a copy to

Wyman, Bautzer, Christensen,
Kuchel & Silbert
2049 Century Park East
Suite 1400
Los Angeles, CA 90067
Attn: Peter M. Weil, Esq.

If to Escrow Holder

Chicago Title Insurance Company
3280 East Foothill Blvd.
Pasadena, CA 91107
Attn: Escrow Officer

personally delivered, such notices or other communications shall be deemed delivered upon delivery. If sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, such notices or other communications shall be deemed delivered upon delivery or refusal to accept delivery as indicated on the return receipt. In addition, copies of all notices and other communications required or permitted to be given under this Agreement shall be delivered to David A. Pearre, as Trustee of the Valley Reclamation Charitable Trust at 17109 Saint Andrews Drive, Poway, California 92064, in the manner aforesaid.

12.2 Brokers and Finders. In connection with the transactions contemplated by this Agreement (a) Seller hereby represents and warrants to Buyer that Seller has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation, and (b) Buyer hereby represents and warrants to Seller that Buyer has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify and hold Seller harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify and hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 11.2 shall survive the Closing.

12.3 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns, except that Seller's interest under this Agreement may not be assigned, encumbered or otherwise transferred whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Buyer. Buyer shall not have the right to assign to any third party or entity all of Buyer's right, title and interest in and to the Property and this Agreement; provided, however, that notwithstanding anything to the contrary contained herein, Buyer shall have the right to assign all of Buyer's right, title and interest in and to the Property and this Agreement to any of its affiliates.

12.4 Amendments. This Agreement may be amended or modified only by a written instrument executed by the party asserted to be bound thereby.

12.5 Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall remain

true and correct as of the time of Closing, shall be deemed to be material, and shall survive the execution and delivery of this Agreement, the delivery of the Deed and transfer of title. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in connection with the transaction contemplated hereby shall constitute representations and warranties hereunder.

12.6 Interpretation. Whenever used herein, the term "including" shall be deemed to be followed by the words "without limitation." Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. The captions and headings of the Articles and Sections of this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12.8 Merger of Prior Agreements. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property and supercedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

12.9 Attorneys' Fees. In the event either Buyer or Seller brings any suit or other proceeding with respect to the subject matter or enforcement of this Agreement, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover attorneys' fees, expenses and costs of investigation.

12.10 Time of the Essence. Time is of the essence of this Agreement.

12.11 Specific Performance. The parties understand and agree that the Property is unique and for that reason, among others, Buyer will be irreparably damaged in the event that this Agreement is not specifically enforced. Accordingly, in the event of any breach or default in or of this Agreement or any of the warranties, terms or provisions hereof by Seller, Buyer shall have, in addition to a claim for damages for such breach or default, and in addition and without prejudice to any right or remedy available at law or in equity, the right to demand and have specific performance of this Agreement.

12.12 Authority. The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

12.13 Exhibits. The exhibits attached hereto are hereby incorporated by reference herein.

12.14 Memorandum of Agreement. Concurrently with the execution of this Agreement, Seller shall execute, acknowledge and deliver to Buyer a Memorandum of Agreement in the form of Exhibit L hereto, which Buyer may record in the appropriate records of the County in which the Property is situated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Buyer: VALLEY RECLAMATION CO.,
a California corporation

By: [Signature]

Its: [Signature]

Seller: CALMAT CO.,
a Delaware corporation

By: [Signature]

Its: [Signature]

LIST OF EXHIBITS

- A: Legal Description of Land
- B: Description of Personal Property
- C: Description of Intangible Property
- D: Form of Grant Deed
- E: Form of Bill of Sale for Personal Property
- F: Form of Assignment of Service Contracts, Intangible Property, Warranties and Guarantees
- G: Form of Tenant Estoppel Certificate
- H: Form of Assignment of Leases
- I: Form of Notice to Tenants
- J: Form of Affidavit of Non-Foreign Status
- K: List of Leases
- L: Form of Memorandum of Purchase and Sale Agreement and Escrow Instructions

Legal Description of Land
[to be provided]

Description of Intangible Property

None.

Grant Deed

[to follow]

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to VALLEY RECLAMATION CO., a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1986.

"Transferor"
CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Transferee"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1986, is by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of December __, 1986, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"ASSIGNEE"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated _____, by and between Lessee and _____ as Lessor, for premises located at _____ (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies, the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except _____.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is _____.

(5) That the termination date of the Lease is _____.

(6) That monthly rent for the Premises is _____.

(7) That monthly rent and other charges under the Lease are paid to _____, 19__.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$_____; (ii) Advance Rental -- \$_____; (iii) Key Deposit \$_____; (iv) Sign Deposit \$_____; Other (specify) \$_____.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied, except (if none, so state) _____.

(10) That there are no defaults by either Lessor or Lessee under the Lease, except (if none, so state) _____.

(11) That there are no options in the Lease (if none, so state) _____.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor, except (if none, so state) _____.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease (if none, so state) _____.

EXECUTED THIS _____ DAY OF _____, 19__.

LESSEE: _____

By _____

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Page 1 of 1

AGREEMENT OF PURCHASE AND SALE OF PARCEL 3
AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT OF PURCHASE AND SALE OF PARCEL 3 AND JOINT ESCROW INSTRUCTIONS (the "Agreement") is made and entered into as of this 31st day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Seller"), and VALLEY RECLAMATION CO., a California corporation ("Buyer"), with reference to the following facts:

A. Seller is the owner of the Property, as herein-after defined.

B. Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Property on the terms and conditions set forth herein.

C. Concurrently herewith, Buyer and Seller have also entered into that certain Reciprocal Easement Agreement (the "Easement Agreement"), even date herewith, relating to the Land (as hereinafter defined), and other real property owned by Seller.

D. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 1 and Joint Escrow Instructions, of even date herewith, pertaining to the property more particularly described therein.

E. Concurrently herewith, Buyer and Seller have also entered into that Certain Agreement of Purchase and Sale of Parcel 2 and Joint Escrow Instructions, of even date herewith, to the property more particularly described therein.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I

PROPERTY

Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, the following:

1.1 Land. That certain land outlined on Exhibit A hereto (the "Land"); provided, however, that it is understood and agreed that the precise description of the Land is subject to the review and approval of Buyer based upon the items to be provided pursuant to Section 4.1(c) hereof;

1.2 Appurtenances. All rights, privileges and easements appurtenant to the Land, including, without limitation, all minerals, oil, gas and other hydrocarbon

substances on and under the Land (if owned by Seller), as well as all development rights, air rights, water, water rights and water stock (if any) relating to the Land and any other easements, rights-of-way or appurtenances used in connection with the beneficial use and enjoyment of the Land (all of which are collectively referred to as the "Appurtenances");

1.3 Improvements. All improvements and fixtures located on the Land, including, without limitation, all buildings and structures presently located on the Land (all of which are collectively referred to as the "Improvements");

1.4 Personal Property. All personal property of Seller, if any, located on or in or used in connection with the Land and/or the Improvements (except for the conveyor system running across the Land and used by Seller in connection with its operation on real property adjacent to the Land), including without limitation the personal property described in Exhibit B hereto (the "Personal Property"); and

1.5 Intangible Property. All right, title and interest of Seller in and to any and all intangible personal property now or through the Closing Date (as hereinafter defined) owned by Seller, if any, and used in the ownership, use and operation of the Land, Improvements and/or Personal Property, including, without limitation, the right to use any trade name now used in connection with the Land or the Improvements and, to the extent that the same are approved by Buyer pursuant to the provisions of this Agreement, any and all contracts and lease rights, agreements, utility contracts and other rights relating to the ownership, use and operation of all or any part of the Property, including without limitation the intangible personal property described in Exhibit C hereto (all of which are collectively referred to as the "Intangible Property").

The items described in Sections 1.1, 1.2, 1.3, 1.4 and 1.5 above are herein sometimes referred to collectively as the "Property." The items described in Sections 1.1, 1.2, and 1.3 are herein sometimes referred to collectively as the "Real Property."

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price. The total purchase price for the Property shall be FOUR HUNDRED THOUSAND DOLLARS (\$400,000) (the "Purchase Price"). The Purchase Price shall be subject to the closing adjustments set forth in Article V.

2.2 Payment of Purchase Price. The Purchase Price shall be deposited by Buyer with Safeco Title Insurance Company ("Escrow Holder"), 13640 Roscoe Boulevard, Panorama City, California 91409, on or before the Closing Date (as hereinafter defined), by wire transfer or cashier's check.

In the event the sale of the Property as contemplated hereunder is consummated, such amounts to be paid

as set forth herein shall be credited towards the Purchase Price. In the event the sale of the Property is not consummated because of the failure of any condition or any other reason, all such amounts shall immediately be returned to Buyer.

ARTICLE III

TITLE TO PROPERTY

3.1 Title. At the Closing (as hereinafter defined), Seller shall convey to Buyer marketable and insurable fee simple title to the Real Property, by duly executed and acknowledged grant deed in the form of Exhibit D hereto (the "Deed"). Evidence of delivery of marketable and insurable fee simple title shall be the issuance by Safeco Title Insurance Company (the "Title Company") of an ALTA Owner's Policy of Title Insurance (Form B, Rev. 10/17/77) in the full amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements, in Buyer, subject only to such exceptions as Buyer shall approve pursuant to Section 4.1(c), and shall contain such endorsements as Buyer may require.

3.2 Bill of Sale. At the Closing, Seller shall transfer title to the Personal Property, if any, by a bill of sale in the form of Exhibit E hereto (the "Bill of Sale"), free of any liens, encumbrances or interests of third parties.

3.3 Assignment of Intangible Property. At the Closing, Seller shall transfer all of its right, title and interest in and to all (i) Service Contracts (as hereinafter defined); (ii) all Intangible Property; and (iii) any warranties and guarantees, if any, which Buyer elects to assume in its sole and absolute discretion, by an Assignment of Service Contracts, Intangible Property, Warranties and Guarantees, in the form of Exhibit F hereto (the "Assignment of Service Contracts, Intangible Property, Warranties and Guarantees"), free and clear of any liens, encumbrances or interests of third parties.

ARTICLE IV

CONDITIONS TO CLOSING

4.1 Buyer's Conditions. The following conditions are conditions precedent to Buyer's obligation to purchase the Property:

(a) Tenant Estoppel Certificates. Seller obtaining and delivering to Buyer tenant estoppel certificates in form and substance satisfactory to Buyer from any and all tenants occupying any portion of the Property (the "Tenant Estoppel Certificates") not later than twenty (20) days prior to the Closing Date. The Tenant Estoppel Certificates shall be in substantially the form of Exhibit G hereto and shall be dated no earlier than thirty (30) days prior to the Closing Date.

(b) Representations and Warranties. All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date, and Seller shall have complied with all of Seller's covenants and agreements contained in or made pursuant to this Agreement, including, without limitation, those set forth in Article X hereof.

(c) Title. Not later than twenty (20) days following the date first above written Seller shall deliver to Buyer, at Seller's sole cost and expense, all of the following:

(1) a current extended coverage preliminary title report on the Real Property, accompanied by copies of all documents referred to in the report;

(2) an "as-built" survey of the Real Property by a licensed surveyor or civil engineer who is reasonably acceptable to Buyer. Said survey shall be acceptable to, and certified to, Buyer and in sufficient detail to provide the basis for an ALTA Owner's Policy of Title Insurance without boundary, encroachment or survey exceptions, and shall show the location of all easements, including that certain easement created of even date herewith and more particularly described in the Easement Agreement, and improvements (including underground improvements), and any and all other pertinent information with respect to the Property. The survey shall also indicate the total acreage and total square footage of the Land and any encroachments of improvements onto easements or onto adjacent properties or certify to their absence and shall indicate the presence of improvements and easements on property adjoining the Land if located within five (5) feet of the boundaries of the Land; and

(3) copies of all existing and proposed easements, covenants, restrictions, agreements or other documents which affect the Property and which are not disclosed by the preliminary title report, or, if no such documents exist, a certification of Seller to that effect. Title to the Real Property shall be subject only to such exceptions as Buyer shall approve in Buyer's sole and absolute discretion. Buyer shall advise Seller within ten (10) days after the later of actual receipt of all of the foregoing or the date first above written, what exceptions to title, if any, will be accepted by Buyer. Seller shall have five (5) business days after receipt of Buyer's objections to give Buyer notice: (i) that Seller will remove any objectionable exceptions from title and provide Buyer with evidence satisfactory to Buyer of such removal, or provide Buyer with evidence satisfactory to Buyer that said exceptions will be removed on or before the Closing; or (ii) that Seller elects not to cause such exceptions to be removed. If Seller gives Buyer notice under clause (ii), Buyer shall have five (5) business days to elect to proceed with the purchase and take the Property subject to such exceptions, or to terminate this Agreement. If Buyer shall fail to give Seller notice of its election within said five (5) business days, Buyer shall be deemed to have elected to terminate

this Agreement, each party shall bear their own costs incurred under this Agreement, and all other sums deposited by Buyer with Escrow Holder shall immediately be returned to Buyer. If Seller shall give notice pursuant to clause (i) and shall fail to remove any such objectionable exceptions from title prior to the Closing Date, and Buyer is unwilling to take title subject thereto, Seller shall be in default hereunder and, without limiting Buyer's rights and remedies against Seller, Buyer may elect to terminate this Agreement and Seller shall be liable for all of Buyer's damages, including, without limitation, Buyer's costs and expenses incurred hereunder, including, without limitation, title and escrow costs and reasonable attorneys' fees and expenses. If for any reason Buyer disapproves of title to the Real Property as herein provided, then, in addition to all of Buyer's other rights and remedies, whether provided for herein or otherwise at law or in equity, it is understood and agreed that Seller shall have the absolute and unconditional obligation to immediately repurchase all of the issued and outstanding shares of capital stock of Buyer from David A. Pearre, as trustee (the "Trustee") under the Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds to Charity, dated December 30, 1986, or his successor or assignee, for \$48,400,000 (less any amounts necessary to compensate Seller for any diminution in the net worth of Buyer caused by any act or omission of the Trustee or the Buyer since the Time of Closing of the Stock Purchase Agreement; provided that any such reduction in price shall not include any diminution caused by any failure of Seller to use its best efforts under paragraph 1 of the Management Agreement, as hereinafter defined), and the Trustee, or his successor or assignee shall deliver to Seller duly executed certificates in valid form evidencing all of the issued and outstanding shares of the capital stock of Buyer, duly endorsed in blank or accompanied by duly executed stock powers with the requisite stock transfer stamps, if any, attached.

(d) Service Contracts. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, all design contracts, space planning contracts, construction contracts, subcontracts and purchase orders, utility contracts, water and sewer service contracts, other service contracts of any nature, maintenance contracts, management contracts, mortgage documents, certificates of occupancy, warranties, permits, soils reports, insurance policies, and other contracts or documents, if any, of any nature relating to the Property (the "Service Contracts"). Buyer shall have ten (10) business days after the later of actual receipt of all of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(e) Leases. Not later than twenty (20) days following the date first above written, Seller shall deliver to Buyer, at Seller's sole cost and expense, any and all leases affecting the Property or any portion thereof executed or proposed to be executed by Seller along with a list of such leases in the form of Exhibit K hereto. Buyer shall have ten (10) days after the later of actual receipt of all

of the foregoing or the date first above written within which to approve or disapprove, in Buyer's sole and absolute discretion, any of the foregoing.

(f) No Default Under Stock Purchase Agreement.

Seller shall not be in default under the terms and conditions of that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of December 30, 1986, between Seller and Trustee, shall not be in default under the Stock Purchase Agreement dated as of December 30, 1986, between Trustee and Waste Management of North America, Inc., a Delaware corporation.

4.2 Failure of Conditions. The foregoing conditions contained in this Article IV are intended solely for the benefit of Buyer. If any of the foregoing conditions are not satisfied for any reason whatsoever, or if any of the foregoing items to be delivered to and/or inspected and/or reviewed by Buyer are disapproved by Buyer, in Buyer's sole and absolute discretion, Buyer shall have the right at its sole election either to waive the condition and/or item(s) in question (provided that with respect to the condition described in Section 4.1(b) Buyer shall continue to have the remedies available under this Agreement or otherwise at law or in equity) and proceed with the purchase or, in the alternative, to terminate this Agreement.

4.3 Extension of Closing Date and Remedies. The Closing Date may be extended, at Buyer's option, a reasonable period of time if required to allow the conditions set forth in Section 4.1 to be satisfied, subject to Buyer's further right to terminate this Agreement upon the expiration of the period of any such extension if all said conditions have not been satisfied. In the event Buyer elects to terminate this Agreement pursuant to this Article IV, Seller shall pay any title and escrow charges, and, except as otherwise expressly provided in this Article IV, neither party shall have any further rights or obligations under this Agreement. Notwithstanding the foregoing, in the event of a breach by Seller of any covenant hereunder material to the purchase of the Property by Buyer, Buyer may elect nevertheless to proceed with the purchase of the Property, reserving the right to collect damages for such breach from Seller, or Buyer may elect to terminate this Agreement by written notice to Seller delivered prior to Closing, and upon such termination Buyer shall be relieved of all further obligations hereunder, the Deposit shall be returned to Buyer and Buyer may proceed against Seller for any damages caused Buyer thereby.

4.4 Consummation of Purchase of Stock. Anything in this Article IV or elsewhere in this Agreement to the contrary notwithstanding, a condition precedent to both Buyer and Seller's obligation to consummate the purchase and sale of the Property pursuant to this Agreement shall be the acquisition of all of the issued and outstanding shares of capital stock of Buyer by Waste Management of North America, Inc.

ARTICLE V

CLOSING AND ESCROW

5.1 Deposit with Escrow Holder and Escrow Instructions. This instrument shall serve as the instructions to Escrow Holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such additional and supplementary escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any supplementary escrow instructions, the terms and provisions of this Agreement shall control.

5.2 Closing. The closing hereunder (the "Closing") shall mean the recording of the Deed conveying title to the Real Property from Seller to Buyer and shall be held and delivery of all items to be made at the Closing shall be made at the offices of Escrow Holder on December 31, 1987, or such other date prior thereto (the "Closing Date") and/or at such other location as Buyer and Seller may mutually agree in writing. Such date may not be extended without the written approval of both Seller and Buyer, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Escrow Holder shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close. It is agreed that if either party has complied with the terms and conditions of this Agreement as of the Closing Date and the other party is not in a position to close, the party not in a position to close shall be in material breach of this Agreement and the Agreement may be terminated and the party who has so fully complied may exercise any and all remedies available to it at law or in equity, subject to the provisions for liquidated damages set forth herein.

5.3 Delivery by Seller. Not later than five (5) days prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

(a) The Deed, duly executed and acknowledged by Seller, in recordable form, and ready for recordation on the Closing Date;

(b) The Bill of Sale, duly executed by Seller;

(c) Original counterparts of any leases (and amendments thereto, if any, and all records and correspondence relating thereto) covering any portion of the Property, any security deposits relating thereto, and a duly executed and acknowledged Assignment of Leases in the form of Exhibit H hereto;

(d) Originals or copies of all Service Contracts, if any, to be continued by Buyer after the Closing as

elected by Buyer, and any warranties or guaranties, if any, received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repairs or alterations of the Improvements;

(e) The Assignment of Service Contracts, Intangible Property and Warranties and Guarantees, duly executed by Seller;

(f) Originals or copies of all building permits and certificates of occupancy for the Improvements;

(g) Notices to the tenants at the Property, if applicable, in the form of Exhibit I hereto, duly executed by Seller;

(h) An escrow closing statement in form and content consistent with this Agreement and otherwise reasonably satisfactory to Buyer and Seller;

(i) An affidavit in the form of Exhibit J hereto confirming that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445;

(j) Any other documents, instruments, data, records, correspondence or agreements called for hereunder or under the Option Agreement which have not previously been delivered.

Buyer may waive compliance on Seller's part under any of the foregoing items by an instrument in writing.

5.4 Delivery by Buyer. On or before the Closing Date, Buyer shall deposit the Purchase Price with Escrow Holder for disbursement to Seller in accordance with the provisions hereof, to be held by Escrow Holder pursuant to disbursement instructions mutually acceptable to Buyer and Seller.

5.5 Other Instruments. In addition to the documents and instruments to be delivered as herein provided, each of the parties hereto shall, from time to time at the request of the other party, execute and deliver to the other party such other instruments of transfer, conveyance and assignment and shall take such other action as may be reasonably required to effectively carry out the terms of this Agreement and/or to transfer and assign to and vest in Buyer, and put Buyer in possession of, the Property.

5.6 Prorations. Any rents actually collected (whether such collection occurs prior to, on or after the Closing), all non-delinquent real property taxes and assessments, any bond assessments assumed by Buyer, water, sewer and utility charges, annual permits and/or inspection fees (calculated on the basis of the respective periods covered thereby), insurance premiums (as to those policies, if any, that Buyer determines will be continued after the Closing), and other expenses normal to the operation and maintenance of the Property shall be prorated as of 12:01 a.m. on the date the Deed is recorded. Seller and Buyer hereby agree that if any of the aforesaid prorations cannot be calculated within thirty (30) days after the Closing Date, that either party

owing the other party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other party, together with interest thereon at the rate of eight percent (8%) per annum from the Closing Date to the date of payment if payment is not made within ten (10) days after delivery of a bill therefor. A statement setting forth such agreed-upon prorations shall be delivered to Escrow Holder. Escrow Holder shall not be required to make any other prorations.

5.7 Costs and Expenses. Buyer and Seller shall each pay one-half (1/2) of Escrow Holder's escrow fee, and Seller shall pay all documentary transfer taxes, transfer or conveyance taxes imposed by the City and/or County in which the Real Property is located, delinquent real property taxes or assessments, and the cost of recording the Grant Deed. Buyer shall bear that portion of the title insurance premium cost, if any, that is in excess of the Title Company's normal and standard premium cost of a CLTA Standard Coverage Owner's Policy of Title Insurance ("CLTA Policy"), with liability in the amount of the Purchase Price, and Seller shall bear that portion of the title insurance premium cost that is equal to the premium cost that would be incurred if such a CLTA Policy were issued.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller hereby represents and warrants to and agrees with Buyer as follows (it being understood by the parties hereto that there are no representations or warranties made herein by Seller with respect to the Handling of Wastes (as defined in the Stock Purchase Agreement) or the condition of the Real Property, other than as set forth in the Stock Purchase Agreement):

6.1 Condition of Property. Between the date hereof and the date of acquisition of all of the issued and outstanding shares of capital stock of Buyer by WMI, there will be no material change in the condition of the Property or in the level of compliance with all applicable governmental laws, ordinances, regulations and requirements.

6.2 Reports, Contracts and Other Documents. The survey, leases, certificates of occupancy, and all other books and records relating to or affecting the Property, and the Service Contracts, if any, and all other contracts or documents delivered to Buyer pursuant to this Agreement or in connection with the execution hereof are and at the time of Closing will be true and correct copies, are and at the time of Closing will be in full force and effect, without default by (or notice of default to) any party, and contain no inaccuracies or misstatements of fact, and all such contracts, leases and other documents relating to or affecting the Property have been or will be delivered to the Buyer pursuant to this Agreement.

6.3 Land-Use Regulation. There are no condemnation, zoning or other land-use regulation proceedings, either

instituted or planned to be instituted, which could detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property, nor has Seller received notice of any special assessment proceedings affecting the Property.

6.4 Leases. Except as set forth in Exhibit K hereto (to be provided by Seller in accordance with Section 4.1(e) hereof), Seller has not executed or otherwise entered into any leases, tenancies, occupancy agreements or other agreements with respect to rights affecting possession of the Property or any portion thereof and there are no such agreements entered into or executed by any third party, and there is no default on the part of Seller, as lessor, or on the part of any lessee, and there exists no condition that with the passage of time or the giving of notice or both would constitute such a default.

6.5 Service Contracts and Other Agreements. Seller has not entered into and there are no Service Contracts or other agreements affecting the Property, there is no obligation of Seller under the terms of any contract, lease or other instrument relating to or affecting the Property to assume any obligation thereof other than the contracts, leases and other documents required to be disclosed pursuant to this Agreement, and there will be, as of the Closing Date, no obligation of Buyer under the terms of any contract, lease or other instrument affecting the Property other than the contracts, leases or other documents which Buyer has elected to assume pursuant to this Agreement.

6.6 Agreements Affecting the Property. There are no leases, easements, encumbrances or other agreements affecting the Property except as shown in the preliminary title report delivered to Buyer pursuant to Section 4.1(c) hereof, or as otherwise disclosed to Buyer by Seller in writing and approved by Buyer.

6.7 Default in Respect of Appurtenances. There is no default under or in respect of any of the Appurtenances on the part of any party thereto and no condition exists that with the passage of time or giving of notice or both would constitute such a default.

6.8 Litigation. There is no litigation pending or to the best of Seller's knowledge threatened against Seller or to the best of Seller's knowledge any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or adversely affect the ability of Seller to perform its obligations under this Agreement.

6.9 Utilities. All water, sewer, gas, electric, telephone, and all other utilities required by law or by the normal use and operation of the Property are, and at the time of Closing will be, connected and operating pursuant to valid permits.

6.10 Use Permits and Other Approvals. To the best of Seller's knowledge, Seller has obtained all easements and

rights of way, including proof of dedication, required from all governmental authorities having jurisdiction over the Property or from private parties for the normal use and operation of the Property and to ensure free and unimpeded vehicular and pedestrian ingress to and egress from the Property as required to permit the normal intended usage of the Property by the tenants thereof, their invitees and customers.

6.11 Authority of Seller. This Agreement and all documents executed by Seller which are to be delivered to Buyer at or prior to the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Seller, are or at the time of Closing will be legal, valid, and binding obligations of Seller enforceable in accordance with their terms, are and at the time of Closing will be sufficient to convey title (if they purport do to so), and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

6.12 Use and Operation of Property. Seller knows of no facts nor has Seller failed to disclose to Buyer any fact which would prevent Buyer from using and operating the Property after Closing in the manner in which the Property is being operated as of the date hereof.

6.13 Other Contracts to Convey Property. Seller has not committed nor obligated itself in any manner whatsoever to sell the Property to any party other than Buyer. Seller has not hypothecated or assigned any rents or income from the Property in any manner. At the Closing Date, Seller will not have hypothecated or assigned any rents or income from the Property in any manner.

6.14 Property Tax Assessment. Notwithstanding any other provision of this Agreement to the contrary, if Buyer shall become liable after the Closing for payment of any property taxes assessed against the Property for any period of time prior to the Closing Date, Seller shall immediately pay to Buyer on demand an amount equal to such tax assessment in accordance with Section 5.6 hereof.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows: This Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are or at the time of Closing will be duly authorized, executed, and delivered by Buyer, and are or at the Closing will be legal, valid, and binding obligations of Buyer, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

ARTICLE VIII

LOSS BY FIRE OR OTHER CASUALTY; CONDEMNATION

In the event that, prior to Closing, the Property is destroyed or materially damaged (as reasonably determined by Buyer), or if condemnation proceedings are threatened or commenced against the Property, Buyer shall have the right, exercisable by giving notice of such decision to Seller within fifteen (15) business days after receiving written notice from Seller of such damage, destruction or condemnation proceedings, to terminate this Agreement, in which case, neither party shall have any further rights or obligations hereunder and the Deposit shall be returned to Buyer. If Buyer elects to accept the Property in its then condition, all proceeds of insurance or condemnation awards payable to Seller by reason of such damage, destruction or condemnation shall be paid or assigned to Buyer. In the event of non-material damage to the Property, which damage Seller is unwilling to repair or replace at its expense prior to or within a reasonable time after the Closing Date, Buyer shall have the right, exercisable by giving notice within fifteen (15) business days after receiving written notice of such damage, either (a) to terminate this Agreement as hereinabove in this Article VIII provided, or (b) to accept the Property in its then condition and proceed with the purchase, in which case Buyer shall be entitled to a reduction of the Purchase Price to the extent of the cost of repairing or replacing such damage as determined by Buyer based on bids or other advice from one or more qualified contractors, architects or engineers selected by Buyer. For purposes of any repairs or replacements under this Article VIII, the Closing Date may be extended, at Buyer's election, for a reasonable time to allow such repairs or replacements to be made.

ARTICLE IX

DELIVERY OF POSSESSION AND ENTRY ON PROPERTY

9.1 Delivery of Possession. Possession of the Property shall be delivered to Buyer on the Closing Date.

9.2 Entry on Property. Seller shall afford Buyer reasonable access to the Property for the purposes of satisfying Buyer with respect to the representations, warranties, and covenants of Seller contained herein, with respect to satisfaction of any conditions precedent to the Closing contained herein, and with respect to the condition of the Property. Buyer shall have the right to conduct such inspections and tests of the Property as Buyer deems appropriate, including, but not limited to, soils and geological tests, building inspections, reviews of the zoning and other land use controls and restrictions affecting the Property and surrounding land, and reviews of the availability of utilities, rail service and other services necessary or appropriate to the operation of the Property. In this regard, Buyer may obtain, at Buyer's sole option and expense, such written reports and studies as Buyer may deem appropriate, a survey containing sufficient information to

permit the issuance of an ALTA Policy covering the Property, and any permits, authorizations or approvals from governmental agencies having authority over the Property which Buyer deems necessary or appropriate.

ARTICLE X

MAINTENANCE AND OPERATION OF THE PROPERTY

10.1 Maintenance. In addition to Seller's other obligations hereunder, Seller shall, subject to and in accordance with the terms and provisions of that certain Management Agreement (the "Management Agreement"), by and between Buyer and Seller, of even date herewith, maintain the Property in good order, condition and repair, reasonable wear and tear excepted, shall perform all work required to be done by the landlord under the terms of any lease affecting the Property, and, subject to and in accordance with the terms and provisions of the Management Agreement, shall make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the the date first above written, the same as though Seller were retaining the Property.

10.2 Leases and Other Agreements. Seller shall not, after the date of first above written, enter into or terminate any lease, amendment of lease, contract or agreement pertaining to the Property or permit any tenant of the Property to enter into or terminate any sublease, assignment of lease, contract or agreement pertaining to the Property, or modify any lease, contract or agreement pertaining to the Property or waive any rights of Seller thereunder, without in each case obtaining Buyer's prior written consent thereto.

10.3 Encumbrances. Seller shall not, after the date first above written, mortgage, encumber or suffer to be encumbered all or any portion of the Property, without the prior written consent of Buyer.

ARTICLE XI

EXCHANGE

11.1 Exchange. Instead of the sale of the Property by Seller to Buyer, Seller shall have the right to locate other real property or properties ("Exchange Property") for the purpose of effecting a tax-deferred exchange (under IRC Section 1031) of the Property and/or to arrange for the terms of Seller's acquisition of Exchange Property. If Seller does locate such Exchange Property or enter into an exchange agreement with the owner(s) thereof or other third parties ("Exchange Parties") and notifies Buyer in writing of same on or before June 30, 1987, then, at Seller's option (a) Buyer shall enter into a written contract with such Exchange Parties to purchase such Exchange Property and transfer the ownership thereof from Buyer to Seller in consideration of and concurrently with the transfer of the

Property to Buyer; or (b) Seller shall enter into an exchange agreement with such Exchange Parties and, on the acquisition of such Exchange Property, those parties shall concurrently transfer the ownership of the Property to Buyer in accordance with the terms and provisions of sale set forth in this Agreement. Buyer agrees to accept title to the Property from such Exchange Parties. In no event, however, shall Buyer be required to make a total cash payment for the Exchange Property, including all costs and expenses of that purchase, in excess of the sum of the Purchase Price and all costs and expenses Buyer is required to make hereunder, nor shall Buyer be required to assume any secured loan on any Exchange Property to be acquired by Buyer, execute any promissory note or other evidence of indebtedness in connection with any acquisition of Exchange Property which would impose any personal liability on Buyer for its payment, make any representations or warranties beyond those made in the Agreement which would impose any personal liability on Buyer, or actually take title to the Exchange Property. Buyer shall make a good faith diligent effort (but shall not be required to deposit money sooner than required hereunder) (i) to acquire the Exchange Property when Seller has located it and negotiated its purchase, or (ii) to accept title from the Exchange Parties. Seller shall be required to sell the Property directly to Buyer and Buyer shall be required to purchase the Property directly from Seller for the price and on the terms set forth in this Agreement only if (i) Seller is unable to locate Exchange Property and Buyer is unable to acquire it, (ii) Seller is unable to make arrangements for title to the Property to be transferred to Buyer through a third party within the time period provided in this Agreement, or (iii) if Seller shall waive its right to locate Exchange Property for the purpose of effecting a tax-deferred exchange pursuant to this Article XI. In the event an exchange is made in lieu of a purchase hereunder, Seller shall reimburse Buyer for the amount, if any, by which (i) the total cash payment made to the Exchange Parties, including all of Buyer's costs of escrow, title insurance premiums spent to acquire the Exchange Property, documentary transfer taxes and all prorations, reasonable attorneys' fees and real estate brokerage commissions, all of which shall be approved by Seller before Buyer enters into any agreement of purchase with the Exchange Parties, exceeds (ii) the sum of the Purchase Price and all costs and expenses Buyer is required to incur hereunder. In the event that through no fault of or lack of performance by Buyer, the intended exchange is not completed on or before December 31, 1987, Seller agrees to transfer title to the Property to Buyer on that date under the terms and provisions of sale set forth in this Agreement. Seller agrees to hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, attorneys' fees and expenses) that may arise from Buyer's participation in the exchange.

ARTICLE XII

MISCELLANEOUS

12.1 Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

If to Seller:

CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90051
Attn: S.J. Wilcott

If to Buyer:

Valley Reclamation Co.
c/o Waste Management of
North America, Inc.
3001 Butterfield Road
Oak Brook, Illinois 60521
Attn: Michael Slattery, Esq.

with a copy to

Wyman, Bautzer, Christensen,
Ruchel & Silbert
2049 Century Park East
Suite 1400
Los Angeles, CA 90067
Attn: Peter M. Weil, Esq.

If to Escrow Holder

Chicago Title Insurance Company
3280 East Foothill Blvd.
Pasadena, CA 91107
Attn: Escrow Officer

or such other address as either party may from time to time specify in writing to the other in the manner aforesaid. If personally delivered, such notices or other communications shall be deemed delivered upon delivery. If sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, such notices or other communications shall be deemed delivered upon delivery or refusal to accept delivery as indicated on the return receipt. In addition, copies of all notices and other communications required or permitted to be given under this Agreement shall be delivered to David A. Pearre, as Trustee of the Valley Reclamation Charitable Trust at 17109 Saint Andrews Drive, Poway, California 92064, in the manner aforesaid.

12.2 Brokers and Finders. In connection with the transactions contemplated by this Agreement (a) Seller hereby represents and warrants to Buyer that Seller has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation, and (b) Buyer hereby represents and warrants to Seller that Buyer has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify and hold Seller harmless from and against any

and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify and hold Buyer harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys' fees and expenses) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 11.2 shall survive the Closing.

12.3 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns, except that Seller's interest under this Agreement may not be assigned, encumbered or otherwise transferred whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Buyer. Buyer shall not have the right to assign to any third party or entity all of Buyer's right, title and interest in and to the Property and this Agreement; provided, however, that notwithstanding anything to the contrary contained herein, Buyer shall have the right to assign all of Buyer's right, title and interest in and to the Property and this Agreement to any of its affiliates.

12.4 Amendments. This Agreement may be amended or modified only by a written instrument executed by the party asserted to be bound thereby.

12.5 Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall remain true and correct as of the time of Closing, shall be deemed to be material, and shall survive the execution and delivery of this Agreement, the delivery of the Deed and transfer of title. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in connection with the transaction contemplated hereby shall constitute representations and warranties hereunder.

12.6 Interpretation. Whenever used herein, the term "including" shall be deemed to be followed by the words "without limitation." Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. The captions and headings of the Articles and Sections of this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12.8 Merger of Prior Agreements. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property and supercedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

12.9 Attorneys' Fees. In the event either Buyer or Seller brings any suit or other proceeding with respect to the subject matter or enforcement of this Agreement, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover attorneys' fees, expenses and costs of investigation.

12.10 Time of the Essence. Time is of the essence of this Agreement.

12.11 Specific Performance. The parties understand and agree that the Property is unique and for that reason, among others, Buyer will be irreparably damaged in the event that this Agreement is not specifically enforced. Accordingly, in the event of any breach or default in or of this Agreement or any of the warranties, terms or provisions hereof by Seller, Buyer shall have, in addition to a claim for damages for such breach or default, and in addition and without prejudice to any right or remedy available at law or in equity, the right to demand and have specific performance of this Agreement.

12.12 Authority. The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

12.13 Exhibits. The exhibits attached hereto are hereby incorporated by reference herein.

12.14 Memorandum of Agreement. Concurrently with the execution of this Agreement, Seller shall execute, acknowledge and deliver to Buyer a Memorandum of Agreement in the form of Exhibit L hereto, which Buyer may record in the appropriate records of the County in which the Property is situated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Buyer: VALLEY RECLAMATION CO.,
a California corporation

By: [Signature]
Its: [Signature]

Seller: CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: [Signature]

LIST OF EXHIBITS

- A: Legal Description of Land
- B: Description of Personal Property
- C: Description of Intangible Property
- D: Form of Grant Deed
- E: Form of Bill of Sale for Personal Property
- F: Form of Assignment of Service Contracts, Intangible Property, Warranties and Guarantees
- G: Form of Tenant Estoppel Certificate
- H: Form of Assignment of Leases
- I: Form of Notice to Tenants
- J: Form of Affidavit of Non-Foreign Status
- K: List of Leases
- L: Form of Memorandum of Purchase and Sale Agreement and Escrow Instructions

Legal Description of Land
[to be provided]

EXHIBIT A

Description of Personal Property

None.

EXHIBIT B

Description of Intangible Property

None.

EXHIBIT C

Grant Deed

[to follow]

EXHIBIT D

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to VALLEY RECLAMATION CO., a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1986.

"Transferor"
CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Transferee"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT E

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1986, is by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of December __, 1986, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"ASSIGNEE"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT F

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated _____, by and between Lessee and _____ as Lessor, for premises located at _____ (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies, the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except _____.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is _____.

(5) That the termination date of the Lease is _____.

(6) That monthly rent for the Premises is _____.

(7) That monthly rent and other charges under the Lease are paid to _____, 19__.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$_____; (ii) Advance Rental -- \$_____; (iii) Key Deposit \$_____; (iv) Sign Deposit \$_____; Other (specify) \$_____.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied, except (if none, so state) _____.

(10) That there are no defaults by either Lessor or Lessee under the Lease, except (if none, so state) _____.

EXHIBIT G

(11) That there are no options in the Lease (if none, so state) _____.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor, except (if none, so state) _____.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease (if none, so state) _____.

EXECUTED THIS _____ DAY OF _____, 19__.

LESSEE: _____

By _____

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1986, by and between CALMAT CO., a Delaware corporation ("Assignor") and VALLEY RECLAMATION CO., a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts the foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

"Assignee"

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

EXHIBIT H

FORM OF NOTICE TO TENANTS

_____, 198_

TO: (Tenant)

RE: Sale of _____ ("Property")

CALMAT CO., a Delaware corporation is pleased to announce the sale of _____ to VALLEY RECLAMATION CO., a California corporation on _____, 198_.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to _____ and mailed for receipt at the time required by your lease addressed as follows:

All notices from you to the landlord concerning any matter relating to your lease should be sent to _____ at the foregoing address.

Very truly yours,

CALMAT CO., a Delaware
corporation

By: _____

Its: _____

EXHIBIT I

AFFIDAVIT OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest located in the City of _____, County of _____, State of California, by CALMAT CO., a Delaware corporation ("CALMAT"), I hereby certify the following on behalf of the transferor:

1. CALMAT is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. CALMAT's U.S. employer identification number is _____;

3. CALMAT's main office address is _____; and

4. I, the undersigned individual, declare that I have authority to sign this document on behalf of CALMAT.

CALMAT understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

DATED: December __, 1986

CALMAT CO., a Delaware corporation

By: _____

Its: _____

EXHIBIT J

LIST OF LEASES

Lessee

Address

Lease Term

[To be provided]

EXHIBIT K

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

VALLEY RECLAMATION CO.
3200 San Fernando Road
Los Angeles, California 90065
Attention: S.J. Wilcott

MEMORANDUM OF PURCHASE

THIS MEMORANDUM OF PURCHASE is made and entered into as of this ____ day of December, 1986, by and between CALMAT CO., a Delaware corporation, ("Owner"), and VALLEY RECLAMATION CO., a California corporation ("Purchaser"), with reference to the following facts.

A. Owner is the owner of that certain real property (the "Property") more particularly described in Exhibit A, which is attached hereto and incorporated by reference herein.

B. Purchaser desires to purchase from Owner and Owner desires to sell to Purchaser the Property on the terms set forth in that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase Agreement") of even date herewith, by and between Owner and Purchaser.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, Owner and Purchaser agree as follows:

1. Owner hereby unconditionally and irrevocably grants to Purchaser the exclusive right to purchase the Property in accordance with the terms and conditions set forth in the Purchase Agreement. This right to Purchase shall expire on December 31, 1987, unless extended in accordance with the terms and provisions of the Purchase Agreement.

2. The Purchase Agreement is incorporated by reference herein, and, in the event of any conflicts or inconsistencies between the terms and provisions of this Memorandum of Purchase and terms and provisions of the Purchase Agreement, the terms and provisions of the Purchase Agreement shall control, it being understood and agreed by Owner and Purchaser that the sole purpose of this Memorandum of Purchase is to provide notice of the Purchase Agreement and that this Memorandum of Purchase shall not alter,

EXHIBIT L

modify, restrict, limit or otherwise affect any of the terms and provisions of the Purchase Agreement or any of the rights or obligations created therein.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Purchase as of the date first above written.

Owner: CALMAT CO.,
a Delaware corporation

By: _____

Its: _____

Purchaser: VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

MAIL TAX STATEMENTS TO

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

TO 1921 CA (12-74)

THIS FORM FURNISHED BY TICOR TITLE INSURERS

A. P. N.

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$_____.

() computed on full value of property conveyed, or

() computed on full value less value of liens and encumbrances remaining at time of sale.

() Unincorporated area: () City of _____, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

a corporation organized under the laws of the State of

hereby GRANTS to

the following described real property in the
County of _____

, State of California:

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its _____ President and _____ Secretary thereunto duly authorized.

Dated: _____

STATE OF CALIFORNIA

COUNTY OF _____

} ss.

On _____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, known to me to be the _____ President, and

_____ known to me to be

_____, Secretary of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

EXHIBIT D

Escrow Order No. _____

Escrow or Loan No. _____

MAIL TAX STATEMENTS AS DIRECTED ABOVE

DECLARATION OF LAND HOLDING TRUST

THIS TRUST DECLARATION, dated this day of February, 1984 and known as Trust Number PLH 82-009800 is to certify that FIRST AMERICAN TRUST COMPANY, a California corporation as Trustee hereunder, (the "trustee") has taken title to the following described real estate in Los Angeles County, California to-wit:

See Exhibit "A - Part 1", and Exhibit "A" attached hereto and incorporated herein by this reference

hereinafter referred to as "the land", and that it will hold the land for the uses and purposes and upon the trusts herein set forth. The following named persons shall be entitled to the earnings, avails and proceeds of said real estate according to the respective interests herein set forth, to-wit: Conrock Company, a Delaware corporation, (the "beneficiary").

ARTICLE I.

IT IS UNDERSTOOD AND AGREED between the parties hereto, and by any person or persons who may become entitled to any interest under this trust, that the interest of the beneficiary hereunder shall consist solely of a power of direction to deal with the title to said property and to manage and control said property as hereinafter provided, and the right to receive the proceeds from rentals and from mortgages, sales or other disposition of said premises, and that such right in the avails of said property shall be deemed to be personal property, and may be assigned and transferred as such; that in case of the death of any successor beneficiary hereunder during the existence of this trust, his or her right and interest hereunder shall, except as herein otherwise specifically provided, pass to his or her executor or administrator, and not to his or her heirs at law; and that the beneficiary does not have, and that no beneficiary hereunder at any time shall have any right, title or interest in or to any portion of said real estate as such,

either legal or equitable, but only an interest in the earnings, avails and proceeds as aforesaid. The death of any beneficiary hereunder shall not terminate the trust nor in any manner affect the powers of the trustee hereunder. No assignment of any beneficial interest hereunder shall be binding on the trustee until the original or a duplicate of the assignment is lodged with the trustee and accepted by the trustee and every assignment of any beneficial interest hereunder, the original or duplicate of which shall not have been lodged with and accepted by the trustee, shall be void as to all subsequent assignees or purchasers.

ARTICLE II.

Nothing contained in this agreement shall be construed as imposing any obligation on trustee to file any income, profit or other tax reports or schedules, it being expressly understood that the beneficiary from time to time will individually make all such reports, and pay any and all taxes, required with respect to the earnings, avails and proceeds of said real estate or growing out of its interest under this trust agreement.

ARTICLE III.

In connection with the acquisition of the land described in Exhibit "A - Part 1" trustee, as purchaser thereof, executed a promissory note ("the note") in the principal amount of \$35,000 payable to the seller thereof, Harold D. Dally, a married man as his sole and separate property, bearing interest at 10% per annum payable in installments of \$5,000 principal plus interest semi-annually commencing on March 16, 1984 and on each March 16th and September 16th thereafter until paid in full. A copy of the note is attached hereto as Exhibit "B". Trustee shall have no duty to make any payments under the note unless it has received sums sufficient to make such installment payments from

beneficiary at least five days prior to its due date together with instructions from beneficiary directing trustee to make such payment. Under such circumstances, trustee shall make the installment payment by its own check drawn in the amount as directed.

Trustee shall not be obligated to inform beneficiary of the approach of any installment payment date nor of any delinquency under the note. However, trustee shall be obligated to forward to beneficiary by mail copies of any notices of default mailed to it pursuant to the deed of trust securing the note.

Trustee shall not be obligated to request annual statements of condition of the loan nor to question the propriety or justification of any statements, demands, notices, billings or accountings received in connection with the loan. However, trustee shall forward to beneficiary any such written material received from the note payee.

Beneficiary shall indemnify and hold Trustee harmless from and against any and all liability including but not limited to attorney's fees which trustee may incur as a result of having executed the note and the deed of trust securing the note.

ARTICLE IV.

In case trustee shall make any advances of money on account of this trust or shall be made a party to any litigation on account of holding title to said real estate or in connection with this trust, or in case said Trustee shall be compelled to pay any sum of money on account of this trust, whether on account of breach of contract, injury to person or property, fines or penalties under any law or otherwise, beneficiary hereby jointly and severally agrees that it will on demand pay to the said Trustee, with interest thereon at the rate of 10%

per annum, all such disbursements or advances or payments made by trustee, together with its expenses, including reasonable attorney's fees, and that the trustee shall not be called upon or required to convey or otherwise deal with said property at any time until all of said disbursements, payments, advances and expenses made or incurred by trustee shall have been fully paid, together with interest thereon as aforesaid. However, nothing herein contained shall be construed as requiring the trustee to advance or pay out any money on account of this trust or to prosecute or defend any legal proceeding involving this trust or any property or interest thereunder unless it shall be furnished with funds sufficient therefor or be satisfactorily indemnified in respect thereto. In the event trustee is served with process or notice of legal proceedings or of any other matter concerning the trust or the trust property, the sole duty of trustee in connection therewith shall be to forward the process or notice by first class mail to the person designated herein as the person to whom inquiries or notices shall be sent or, in the absence of such designation, to the beneficiary. The last address appearing in the records of trustee, for the person designated or for the beneficiary shall be used for mailing.

ARTICLE V.

It shall not be the duty of any purchaser of the land or of any part thereof to see to the application of the purchase money paid therefor, nor shall anyone who may deal with trustee be required or privileged to inquire into the necessity or expediency of any act of trustee, or of provisions of this instrument.

ARTICLE VI.

This trust agreement shall not be placed on record in the Recorder's Office of the county in which the land is situated, or elsewhere. However, the recording of the same shall not

be considered as notice of the rights of any person hereunder derogatory to the title or powers of trustee.

ARTICLE VII.

Trustee may at any time resign by sending by registered mail a notice of its intention to do so to the beneficiary hereunder at its address last known to the Trustee. Such resignation shall become effective ten days after the mailing of such notices by trustee. In the event of such resignation, a successor or successors may be appointed by the person or persons then entitled to direct trustee in the disposition of the trust property, and the Trustee shall thereupon convey the land to such successor or successors as trustees in trust. In the event that no successor in trust is named as above provided within ten days after the mailing of such notices by trustee, then trustee may convey the trust property to the beneficiary and the deed of conveyance may be recorded by trustee, or trustee may at its option, file an action for appropriate relief in any court of competent jurisdiction. Trustee, notwithstanding such resignation, shall continue to have a first lien on the trust property for its costs, expenses and attorney's fees and for its reasonable compensation.

ARTICLE VIII.

Every successor trustee or trustees appointed hereunder shall become fully vested with all the estate, properties, rights, powers, trusts, duties and obligations of its, his or their predecessor.

ARTICLE IX.

It is understood and agreed by the parties hereto and by any person who may hereafter become a party hereto, that FIRST AMERICAN TRUST COMPANY will deal with said real estate only

when authorized to do so in writing, and notwithstanding any change in the beneficiary hereunder it will, on the written direction of Conrock Company, a Delaware Corporation, or will on the written direction of such other person or persons as shall be from time to time named in writing by the beneficiary or on the written direction of such person as may beneficiary at the time, execute deeds for, or otherwise deal with the title to said real estate. However, trustee shall not be required to enter into any personal obligation or liability in dealing with said land or to make itself liable for any damages, costs, expenses, fines or penalties, or to deal with the title so long as any money is due to it hereunder. Otherwise, trustee shall not be required to inquire into the propriety of any such direction, and beneficiary shall hold trustee harmless and free of any and all liabilities suffered or incurred as a result of following such direction.

ARTICLE X.

The beneficiary hereunder, in its own right shall have the possession and management of said property and control of the selling, renting and handling thereof, and trustee shall have no duty in respect to such management or control, or the collection, handling or application of such rents, earnings, avails or proceeds, or in respect to the payment of taxes or assessments or in respect to insurance, litigation or otherwise, except on written direction as hereinabove provided, and after the payment to it of all money necessary to carry out said instructions. No beneficiary hereunder shall have any authority to contract for or in the name of trustee or to bind trustee personally. If any property remains in this trust twenty years from this date it shall be sold at public sale by trustee on reasonable notice, and the proceeds of the sale shall be divided among those who are entitled thereto under this trust agreement.

ARTICLE XI.

Trustee shall no duty to provide fire insurance or extended coverage covering any improvements upon any of the Trust property. The beneficiary, does hereby agree to provide adequate liability insurance on any and all trust properties in an amount satisfactory to and in the name of trustee. If the beneficiary fails to provide such liability insurance, then the Trustee at its sole discretion may procure such insurance, advance money for payment of such insurance and for costs thus advanced or expended shall have a first lien on the trust property; provided, however, that nothing herein shall be construed to create an obligation on the part of the Trustee to obtain such liability insurance.

ARTICLE XII.

Beneficiary agrees to pay and trustee shall receive compensation for its services in connection with its trusteeship hereunder according to the Schedule of Trustee's Fees attached hereto as Exhibit "C" and incorporated herein by this reference.

FIRST AMERICAN TRUST COMPANY

By:

Michael E. Hummer
Vice President

By:

Joan Anderson
Asst. Trust Officer

And on February , 1984 beneficiary has signed this Declaration of Trust in order to signify his assent to the terms hereof.

CONROCK COMPANY, A DELAWARE
CORPORATION

By: William J. Kuhns
President

By: John J. [Signature]
Secretary

The land referred to in this policy is situated in the State of California, County of Los Angeles, and is described as follows:

Parcel A:

The Southeasterly 50 feet of Lot B of Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Pages 49 and 50 of Maps, in the office of the county recorder of said county.

Parcel B:

Lot 1, Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Page 49 of Maps, in the office of the county recorder of said county.

Parcel C:

The Northwesterly 50 feet of Lot 7 of Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Pages 49 and 50 of Maps, in the office of the county recorder of said county.

Parcel D:

Lot 7 of Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Pages 49 and 50 of Maps, in the office of the county recorder of said county.

EXCEPT the Northwest 50 feet thereof.

The land referred to in this policy is situated in the State of California, County of Los Angeles, and is described as follows:

Parcel A:

The Southeasterly 50 feet of Lot B of Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Pages 49 and 50 of Maps, in the office of the county recorder of said county.

Parcel B:

Lot 1, Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Page 49 of Maps, in the office of the county recorder of said county.

Parcel C:

The Northwesterly 50 feet of Lot 7 of Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Pages 49 and 50 of Maps, in the office of the county recorder of said county.

Parcel D:

Lot 7 of Tract 7979, in the city of Los Angeles, as per map recorded in Book 131 Pages 49 and 50 of Maps, in the office of the county recorder of said county.

EXCEPT the Northwest 50 feet thereof.

Street Address - 11738 Wicks Street, Sun Valley, CA 91352

NOTE SECURED BY DEED OF TRUST
INSTALLMENT NOTE - INTEREST EXTRA

\$ 35,000.00 Tujunga, California, August 30th, 19 83

In installments as herein stated, for value received, I promise to pay to Harold D. Dally, a married man, as his sole and separate property, or order, at place so designated by beneficiary

the sum of Thirty five thousand and 00/100----- DOLLARS, with interest from September 16th, 1983 on unpaid principal at the rate of 10 1/2 per cent per annum, payable semi annually, commencing March 16th, 1984

principal payable in installments of Five thousand and 00/100----- (\$5,000.00)-----

Dollars or more on the same day of each sixth month, beginning on the 16th day of March-----, 19 84 .

and continuing until said principal and interest have been paid.

Should default be made in payment of any installment of principal or interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note. Principal and interest payable in lawful money of the United States. If action be instituted on this note I promise to pay such sum as the Court may fix as attorney's fees. This note is secured by a Deed of Trust to World Title Company, a California corporation.

In the event the property given as security under the Deed of Trust, securing this Note is conveyed in any manner, the entire unpaid balance of this Note shall become immediately due and payable.

This note is executed by the undersigned, not personally, but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee, and is payable only out of the property specifically described in said Deed of Trust securing the payment hereof, by the enforcement of the provisions contained in said Deed of Trust. No personal liability shall be asserted or be enforceable against the undersigned such liabilities being expressly waived by each payee and holder hereof, but nothing herein contained shall modify or discharge the personal liability expressly assumed by the guarantor hereof, if any. In case of default in the payment of this Note or of any interest payment hereof the sole remedy of the holder hereof shall be by foreclosure of said Deed of Trust given to secure the indebtedness evidenced by this Note, in accordance with the terms and provisions in said Deed of Trust set forth or by action to enforce the personal liability of the guarantor, if any, of the payment hereof, or both.

FIRST AMERICAN TRUST COMPANY,
a California corporation, as Trustee
under Trust No. 82-009800

By: J. P. Haynes

Vice President

By: J. G. [Signature]

Assistant Trust Officer

EXHIBIT "B"

LAND HOLDING (DIRECTIONAL)

<u>MARKET VALUE</u>	<u>ACCEPTANCE</u>	<u>ANNUAL HOLDING</u>	<u>TERMINATION</u>
-0- to \$50,000	\$125.00	\$125.00	\$125.00
\$50,000 to \$100,000	\$250.00	\$250.00	\$250.00
\$100,000 to \$250,000	\$375.00	\$375.00	\$375.00
Over \$250,000	\$675.00	\$675.00	\$675.00

CHARGES FOR OTHER SERVICES

Deed Execution: \$25.00 per deed plus \$5.00 for each additional lot.
Execution of leases and trust deed: \$75.00 per lease or trust deed.
Execution of contracts: \$75.00
Assignment of interest in trust deed or contract: \$50.00 per assignment.
Acceptance of assignment of beneficial interest: \$75.00
Addendum: \$75.00 for each parcel or deed.
Execution of option or other legal document: \$75.00 minimum.
Charge for receiving and processing payments: \$35.00 each.
Charge for making payments on note payable: \$35.00 each.
Above fees do not include bookkeeping services, such as payment of taxes, improvement bonds, notes, etc.
Reasonable additional charges for services not specifically set forth above.

PROFORMA
AMERICAN LAND TITLE ASSOCIATION
OWNER'S POLICY FORM B-1970
(Amended 10-17-70)

CHICAGO TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested otherwise than as stated therein;
2. Any defect in or lien or encumbrance on such title;
3. Lack of a right of access to and from the land; or
4. Unmarketability of such title.

In Witness Whereof, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of the date of policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

CHICAGO TITLE INSURANCE COMPANY
By:

Issued by:
CHICAGO TITLE COMPANY
3280 E. Foothill Boulevard
Pasadena, CA 91107
(818) 793-7710



Richard L. Polla
President.

ATTEST:

Thomas J. Adams
Secretary.

IMPORTANT

This policy necessarily relates solely to the title as of the date of the policy. In order that a purchaser of the real estate described herein may be insured against defects, liens or encumbrances, this policy should be reissued in the name of such purchaser.

FEB 11 1987

LAW OFFICES

WYMAN, BAUTZER, CHRISTENSEN, KUCHEL & SILBERT

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

TWO CENTURY PLAZA, FOURTEENTH FLOOR

2049 CENTURY PARK EAST

LOS ANGELES, CALIFORNIA 90067

(213) 556-8000 (213) 879-8000

CABLE ADDRESS: WYBAROK

WASHINGTON, D.C.

300 NEW HAMPSHIRE AVENUE, N.W., SUITE 580

WASHINGTON, D.C. 20037

(202) 466-2222

LEGAL DEPT.
CALMAT CO.
NEWPORT BEACH

4100 MACARTHUR BOULEVARD
NEWPORT BEACH, CALIFORNIA 92660

(714) 253-4700

DIRECT DIAL NUMBER

KENT S. BEYER

February 10, 1987

CalMat Co.
3200 San Fernando Road
Los Angeles, California 90065
Attn: Scott Wilcott, Esq.

Re: Transfer of Valley Reclamation Stock
From Trustee to Waste Management of
North America, Inc.

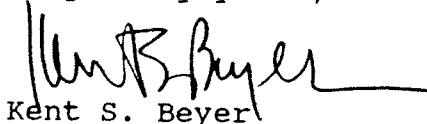
Dear Scott:

On behalf of our client, Waste Management of North America, Inc., I hereby inform you that, effective January 31, 1987, David A. Pearre, as trustee under that certain Declaration of Trust For Purchase of Stock of Valley Reclamation Co. and Distribution of Remaining Funds To Charity, dated December 30, 1986, conveyed all of his right, title and interest in and to all the outstanding stock of Valley Reclamation Co. to Waste Management of North America, Inc.

As soon as you have completed the management letter providing for the continued services of George Cosby and Gary Goellner in connection with the operation of the Bradley Landfill for the next six months, please provide copies of such agreement to Bob Coyle and myself.

Please call if you have any questions.

Very truly yours,



Kent S. Beyer

for WYMAN, BAUTZER, CHRISTENSEN, KUCHEL & SILBERT

KSB:ml

cc: David L. Kelly, Esq.
Robert Coyle

NEWS RELEASE



FROM: **CalMat Co** • 3200 SAN FERNANDO ROAD • LOS ANGELES, CALIFORNIA 90065

AREA CODE 213 • 258-2777

CONTACT: Scott J Wilcott
(213) 258-2777

IMMEDIATE RELEASE

LOS ANGELES, CALIFORNIA, February 10, 1987 ... CalMat Co. (NYSX) announced the consummation of the previously announced agreement to sell all of the outstanding stock of its wholly-owned subsidiary, Valley Reclamation Company, to Waste Management of North America, Inc. for \$48.4 million. In addition to the sale of Valley Reclamation, the company has agreed to sell to Waste Management approximately 200 acres of land in the San Fernando area of Los Angeles on which Valley Reclamation Company conducts its operations, for \$12.9 million. The company anticipates the consummation of the land sale before the end of 1987. The Company will recognize pre-tax gains of approximately \$42.0 million on the sale of the Valley Reclamation stock and \$8.0 million on the land transaction.

CalMat Co. is a major producer of cement, aggregates, ready mixed concrete and asphalt in California and Arizona. It also has substantial land holdings and is actively developing properties in both states.

#

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1987, by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts that foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: Secretary

"Assignee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]
Its: PRESIDENT

By: [Signature]
Its: Secretary

EXHIBIT "A"

Parcel 3 Leases

1. 9219 Ralston Avenue
Oral month to month lease to Phillips Asphalt Paving Co. of 0.14± acres, unimproved. Monthly rent \$275.00.
2. 9221 Ralston Avenue
Oral month to month lease to Ms. Terry Yarter of a single family residence. Monthly rent \$465.00. (\$450.00 security deposit deposited with CalMat.)
3. 9229 Ralston Avenue
Month to month lease of partially improved lot to Armen Ornamental Iron Works. (Original counterpart of rental agreement in the possession of Hal Dally.) Monthly rental \$400.00.
4. 9233 Ralston Avenue
Month to month lease of 2 unimproved lots to Mecum Enterprises. (Original counterpart of rental agreemetn in the possession of Hal Dally.) Monthly rental \$500.00.
5. 11738 Wicks Street
Oral month to month lease to Carlos Villalobos of a single family residence. Monthly rent \$150.00.
6. 9234 Sutter
Month to month lease to Juan Marin of an unimproved lot. (Original counterpart of lease in the possession of Hal Dally.) Monthly rental \$300.00

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to R.E. ACCOMMODATION COMPANY, a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1987.

"Transferor"

CALMAT CO.,
a Delaware corporation

By: _____

Its: Secretary

By: _____

Its: _____

"Transferee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: _____

Its: President

By: _____

Its: Secretary

DESCRIPTION

PARCEL 3:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as shown on map filed in Book 174, Pages 34 and 35, of Maps, in the office of the Recorder of the County of Los Angeles and that portion of San Fernando Road vacated by Resolution to Vacate No. 86-21499 of the City of Los Angeles recorded May 15, 1986 as Instrument No. 86-606504, of Official Records of said County lying Northerly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Faradale Avenue), 60.00 feet wide, as shown on said map: thence North 3° 37' 48" East along the center line of said Tujunga Avenue 360.00 feet: thence North 86° 22' 12" West 30.00 feet to the Westerly line of said Tujunga Avenue: thence South 3° 37' 48" West along said Westerly line 911.88 feet to the True Point of Beginning: thence North 89° 53' 46" West 407.65 feet: thence North 44° 53' 46" West 295.00 feet: thence North 50° 25' 46" West 120.23 feet: thence North 42° 40' 49" West 234.79 feet: thence South 36° 11' 28" West 103.10 feet: thence South 34° 16' 03" West 169.07 feet: thence South 41° 33' 37" West 233.44 feet: thence South 55° 54' 32" West 166.75 feet: thence South 60° 57' 12" West 130.65 feet: thence North 76° 22' 48" West 81.08 feet: thence South 54° 06' 42" West 99.31 feet to the Northeasterly line of said San Fernando Road: thence South 48° 43' 31" West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of said San Fernando Road, said Southwesterly line also being the Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

EXCEPT therefrom that portion of said San Fernando Road lying Northwesterly of the Southwesterly prolongation Southeasterly line of Peoria Street, 40.00 feet wide as shown on said map.

ALSO EXCEPTING that portion of said Lot 2 included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2, shown on the map of said Tract No. 10646, as having a bearing and length of North 26° 02' 30" East 634.74 feet: thence along said Westerly boundary as follows: North 26° 02' 30" East 634.74 feet, North 0° 37' 30" West 54.39 feet and North 41° 22' 00" West 38.99 feet to an angle point in said Westerly boundary: thence along the Northwesterly prolongation of said last mentioned course North 41° 22' 00" West 20.00 feet to the centerline of Peoria Street as shown on said map: thence along said centerline, North 48° 38' 20" East 50.55 feet to the Westerly boundary of said Lot 2: thence North 80° 00' 00" East 294.00 feet, thence South 25° 02' 11" West 668.21 feet: thence South 62° 27' 28" West 320.05 feet to the point of beginning.

EXHIBIT "A"

1

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1987, is by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement of Parcel 3 and Joint Escrow Instructions, of December 31, 1986, as amended, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: [Signature]

Its: Secretary

By: [Signature]

Its: Secretary

"ASSIGNEE"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]

Its: PRESIDENT

By: [Signature]

Its: Secretary

[NONE]

EXHIBIT "A"

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated June 1, 1983; by and between Lessee and Conrock Co. as Lessor, for the premises located at (see the topographical map attached as Exhibit "A" hereto) known herein as (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is June 1, 1983.

(5) That the termination date of the Lease is not less than eight (8) years but no more than fifteen (15) years from the commencement date.

(6) That monthly rent for the Premises is \$100.00.

(7) That monthly rent and other charges under the Lease are paid to December 31, 1987.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$ none; (ii) Advance Rental \$ none; (iii) Key Deposit \$ none; (iv) Sign Deposit \$ none.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied.

(10) That there are no defaults by either Lessor or Lessee under the Lease.

(11) That there are no options in the Lease.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease. None.

EXECUTED THIS 16th DAY OF DECEMBER, 1987.

"LESSEE"

LIVINGSTON-GRAHAM, INC.

By: Ronald D. Sargent
President

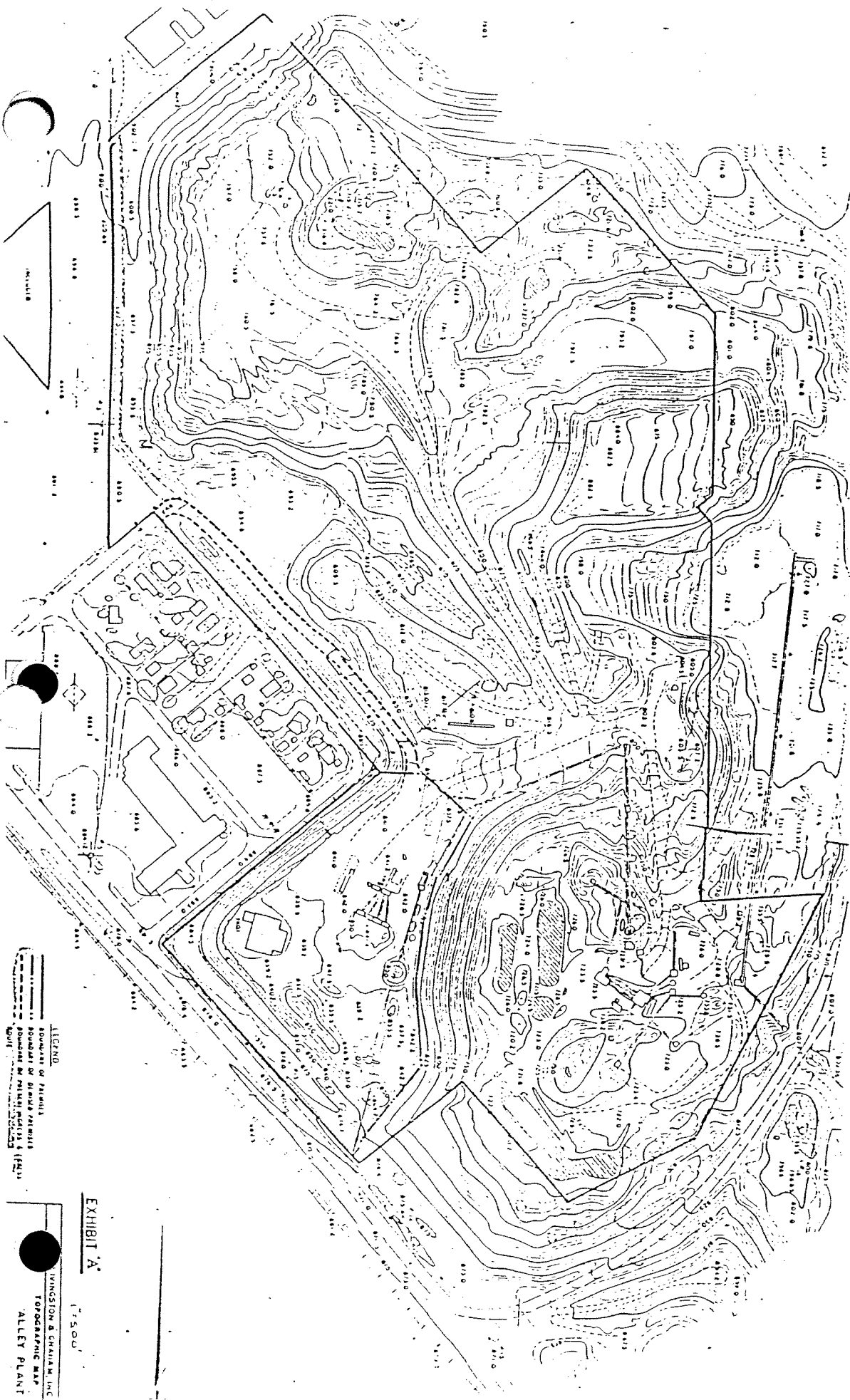


EXHIBIT 'A'

1" = 500'

LEGEND
--- BOUNDARY OF PARCELS
--- BOUNDARY OF PUBLIC RIGHTS
--- BOUNDARY OF PRIVATE RIGHTS
--- BOUNDARY OF PUBLIC RIGHTS
--- BOUNDARY OF PRIVATE RIGHTS

TOPOGRAFIC MAP
ALLEY PLANT

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1987, by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.


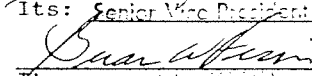
2. Assignee hereby accepts that foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: 
Its: Senior Vice President
By: 
Its: Secretary

"Assignee"

R.E. ACCOMMODATION COMPANY,
a California corporation

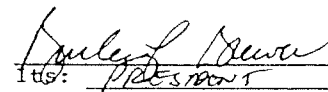
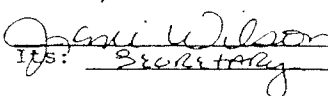
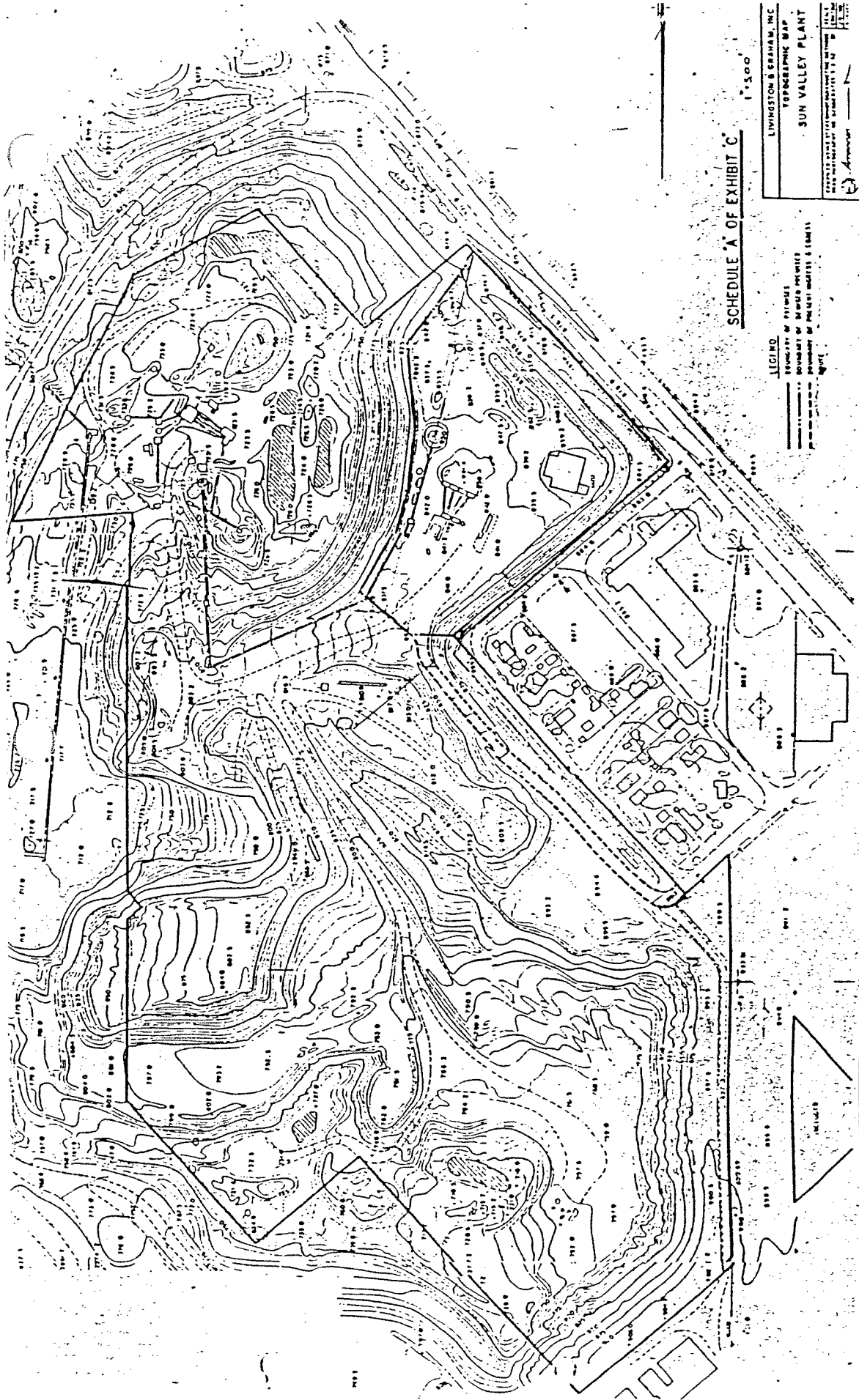
By: 
Its: President
By: 
Its: Secretary

EXHIBIT "A"

Parcel 2 Leases

Lease, dated June 1, 1983, between Conrock Co.,
lessor, and Livingston-Graham, Inc., of premises
described in topographical map attached hereto as
Schedule A. (File attached.)



SCHEDULE A OF EXHIBIT C

LIVINGSTON & GERRARD, INC.
 TOPOGRAPHIC MAP
 SUN VALLEY PLANT
 PREPARED BY LIVINGSTON & GERRARD, INC.
 DATE: 10/1/50

LEGEND
 BOUNDARY OF PLANT
 BOUNDARY OF ADJACENT PARCELS
 BOUNDARY OF PLANT ADJACENT 3 (cont.)
 Figure

ENCLOSURE

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to R.E. ACCOMMODATION COMPANY, a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1987.

"Transferor"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: Assistant Secretary

"Transferee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]
Its: President

By: [Signature]
Its: Secretary

DESCRIPTION

PARCEL 2:

Lots 6, 7, 9, 10, 11 and the Northeast one-half of Lot 8, all in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18, of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 492.30 feet of said lots.

PARCEL 2A:

The Southwesterly half of Lot 8 in Block 13 of Los Angeles Land and Water Company's Subdivision, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the said Recorder of said County.

EXCEPT the Northwesterly 492.3 feet thereof.

PARCEL 2B:

Lots 18 to 24, inclusive, in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street and Wicks Place as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT those portions of said Lots 21, 22, 23 and 24 included within the lines of Tract No. 10729, as per map recorded in Book 174, Page 36, of Maps, Records of said County.

PARCEL 2C:

The Southwesterly half of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXHIBIT "A"

PARCEL 2D:

The Northeasterly 155.25 feet of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2E:

Lots 1 and 2 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom a strip of land 10 feet wide in Lot 2, Easterly of and adjacent to the Westerly line of said Lot 2 from the Northeasterly line of the lot to a line 32 feet Northeasterly of and parallel with the Southwesterly line of said lot; thence continuing Southeasterly 10 feet wide Northeasterly of and adjacent to the above described parallel line to its intersection with Wicks Avenue.

PARCEL 2F:

Lot 3 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2G:

Lot 4 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2H:

The Southwesterly 10 feet of Lot 1 of Tract No. 24119, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 629, Pages 21 and 22 of Maps, in the office of the County Recorder of said County.

PARCEL 2I:

Lots 1 and 2 of Tract No. 24119, as per map recorded in Book 629, Pages 21 and 22 of Maps, together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records and Lot 1 of Tract No. 38698, as per map recorded in Book 989, Pages 17 and 18 of Maps, all in the City of Los Angeles, County of Los Angeles, State of California, in the office of the County Recorder of said County.

EXCEPT therefrom the Southwesterly 10 feet and Westerly 10 feet of Lot 1 of Tract No. 24119.

PARCEL 2J:

All of Tract No. 10729, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 36 and 37, of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said Tract No. 10729 included within the lines of Tract No. 18542, as per map recorded in Book 551, Pages 5 and 6 of Maps, Records of said County.

PARCEL 2K:

Lot 1 of Tract No. 18542, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 551, Pages 5 and 6 of Maps, in the office of the County Recorder of said County.

PARCEL 2L:

Lots 7 and 8 in Block 16 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included within the lines of Tract No. 10729, as per map recorded in Book 174, Pages 36 and 37 of Maps, Records of said County.

PARCEL 2M:

Lot 6 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom that portion thereof conveyed by the Fernando Valley Development Company to Los Angeles Land and Water Company, by deed recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2N:

Lot 5, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2O:

Lots 16 and 17 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPTING therefrom those portions of said lots lying within the lines of Tract No. 10646, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County.

PARCEL 2P:

Lot 15 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

PARCEL 2Q:

Lots 1, 2 and 3 of Tract No. 13080, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2R:

Lot 13, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included with Art Street as dedicated on the map of Tract No. 13080.

PARCEL 2S:

That portion of Lot 3 in Block 18 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County, lying Northwesterly of the Northwesterly boundary line of the land first described in Parcel 2 of the deed to the Los Angeles Land and Water Company, recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2T:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2 shown on the map of said Tract No. 10646 as having a bearing and length of "North 26° 02' 30" East 634.74 feet," thence along said Westerly boundary as follows: North 26° 02' 30" East 634.74 feet, North 0° 37' 30" West 54.39 feet and North 41° 22' West 36.99 feet to an angle point in said Westerly boundary; thence along the Northwesterly prolongation of the last mentioned courses North 41° 22' West 20.00 feet to the center line of said Peoria Street; thence along said centerline North 48° 38' 20" East 50.55 feet to the Westerly boundary of said Lot 2; thence North 80° 00' East 294.00 feet; thence South 25° 02' 11" West 668.21 feet; thence South 62° 27' 28" West 320.05 feet to the point of beginning.

EXCEPT that portion of said land included within the lines of Lot 3 of Tract No. 13080, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2U:

Those portions of San Fernando Road, Art Street, and Peoria Street vacated by Resolution To Vacate recorded on May 15, 1986, as Instrument No. 86-606504, Official Records.

EXCEPT therefrom that portion of said San Fernando Road (vacated) lying Southeasterly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farndale Avenue), 60.00 feet wide, as shown on map of Tract No. 10643, recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County; thence North 3° 37' 48" East along the center line of said Tujunga Avenue 560.00 feet; thence North 86° 22' 12" West 30.00 feet to the Westerly line of said Tujunga Avenue; thence South 3° 37' 48" West along said Westerly line 911.88 feet to the True Point of Beginning; thence North 89° 53' 46" West 407.65 feet; thence North 44° 53' 46" West 295.00 feet; thence North 50° 25' 46" West 120.23 feet; thence North 42° 40' 49" West 234.79 feet; thence South

36° 11' 28" West 103.10 feet; thence South 34° 16' 03" West 169.07 feet;
thence South 41° 33' 37" West 233.44 feet; thence South 55° 54' 32" West
166.75 feet; thence South 60° 57' 12" West 130.65 feet; thence North 76° 22'
48" West 81.08 feet; thence South 54° 08' 42" West 99.31 feet to the
Northeasterly line of said San Fernando Road; thence South 48° 43' 31" West at
right angles to said Northeasterly line 60.00 feet to the Southwesterly line
of said San Fernando Road, said Southwesterly line also being the
Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet
wide.



SAFECO TITLE
INSURANCE COMPANY

Office 3700 Wilshire Blvd. #101
Los Angeles, CA 90010
(213) 385-0700

DATE 1/5/88

ESCROW 87-66269-1

Cal Mat Co.
3200 San Fernando Road
Los Angeles, CA 90051
Attn: George Cosby

PROPERTY Bradley Landfill Site, L.A., County, Parcel II

We enclose the following:

1. Itemized Closing Statement.
2. Copy of Assignment of Leases(executed with no dates
CalMat to R E Accomodation).
3. Copy of Bill of Sale
4. Cop, of Assignment of Service Contracts, etc.
5. Copy of Affidavit of Non-foreign Status.
6. Copy of Estoppel Certificate.

If you require additional inforamtion or have any questions please
contact this office and reference the above escrow number.

Jorggi Delaney
for
BONNIE L. KLEIN
ESCROW OFFICER

LETTER OF ENCLOSURE
CAE-64 (Rev. 8-81)

Balance ON ACCOUNT OF Wire Transferred	\$8,789,209.81	
TOTALS	\$8,886,765.00	\$8,886,765

THIS FORM SHOULD BE RETAINED FOR INCOME TAX PURPOSES

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1987, by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts that foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: [Signature]

Its: Senior Vice President

By: [Signature]

Its: Assistant Secretary

"Assignee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]

Its: President

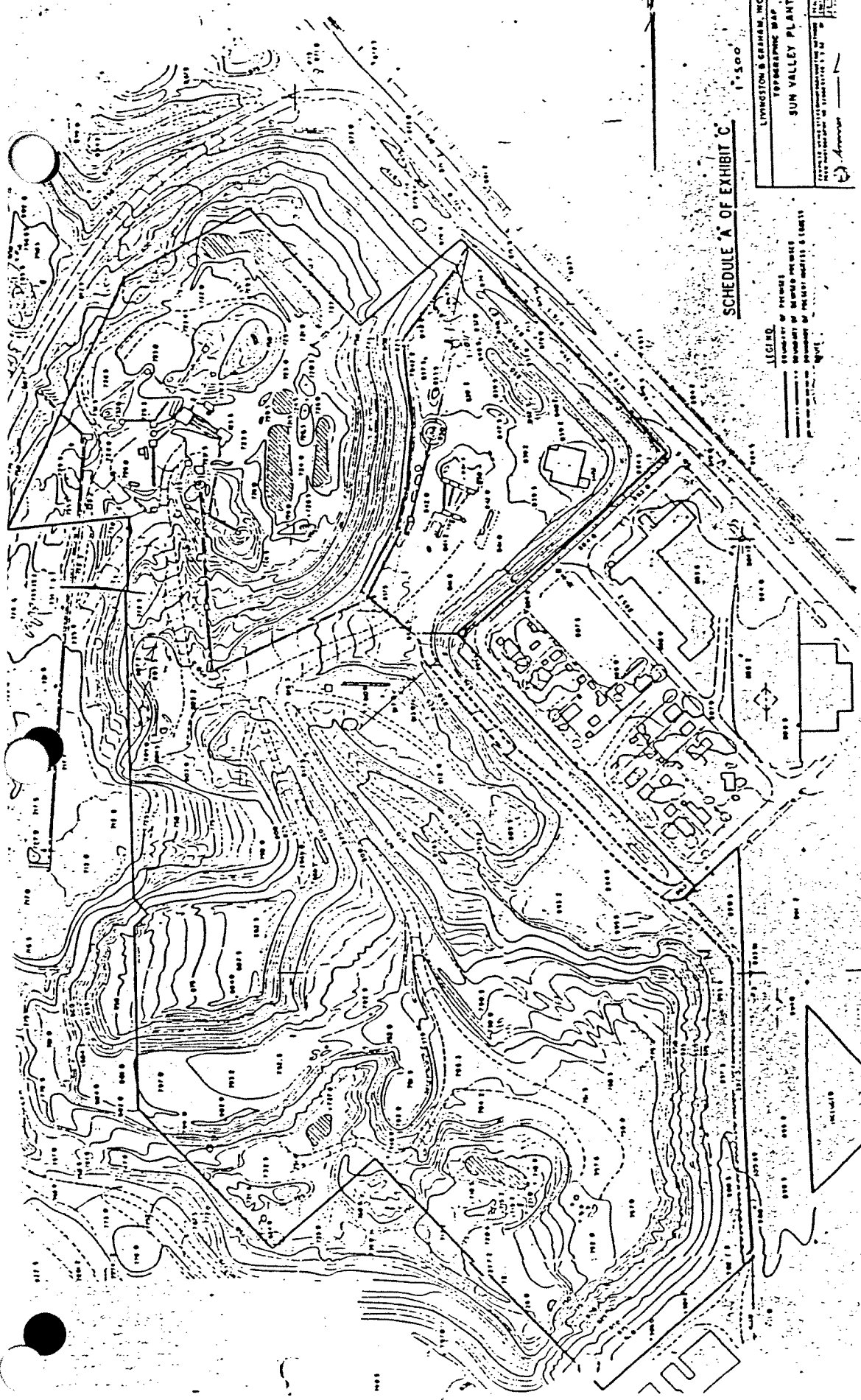
By: [Signature]

Its: Secretary

EXHIBIT "A"

Parcel 2 Leases

Lease, dated June 1, 1983, between Conrock Co.,
lessor, and Livingston-Graham, Inc., of premises
described in topographical map attached hereto as
Schedule A. (File attached.)



SCHEDULE 'A' OF EXHIBIT 'C'

1"=100'

LIVINGSTON & SHERMAN, INC.
TOPOGRAPHIC MAP
SUN VALLEY PLANT
DATE: 11/1/50
BY: J. A. SHERMAN

LEGEND
--- Boundary of Project
--- Boundary of Mapped Area
--- Boundary of Project Limits
--- Boundary of Project Limits

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to R.E. ACCOMMODATION COMPANY, a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1987.

"Transferor"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: [Signature]

"Transferee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]
Its: President

By: [Signature]
Its: Secretary

DESCRIPTION

PARCEL 2:

Lots 6, 7, 9, 10, 11 and the Northeast one-half of Lot 8, all in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18, of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 492.30 feet of said lots.

PARCEL 2A:

The Southwesterly half of Lot 8 in Block 13 of Los Angeles Land and Water Company's Subdivision, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the said Recorder of said County.

EXCEPT the Northwesterly 492.3 feet thereof.

PARCEL 2B:

Lots 18 to 24, inclusive, in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street and Wicks Place as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT those portions of said Lots 21, 22, 23 and 24 included within the lines of Tract No. 10729, as per map recorded in Book 174, Page 36, of Maps, Records of said County.

PARCEL 2C:

The Southwesterly half of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXHIBIT "A"

PARCEL 2D:

The Northeasterly 155.25 feet of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2E:

Lots 1 and 2 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom a strip of land 10 feet wide in Lot 2, Easterly of and adjacent to the Westerly line of said Lot 2 from the Northeasterly line of the lot to a line 32 feet Northeasterly of and parallel with the Southwesterly line of said lot; thence continuing Southeasterly 10 feet wide Northeasterly of and adjacent to the above described parallel line to its intersection with Wicks Avenue.

PARCEL 2F:

Lot 3 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2G:

Lot 4 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2H:

The Southwesterly 10 feet of Lot 1 of Tract No. 24119, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 629, Pages 21 and 22 of Maps, in the office of the County Recorder of said County.

PARCEL 21:

Lots 1 and 2 of Tract No. 24119, as per map recorded in Book 629, Pages 21 and 22 of Maps, together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records and Lot 1 of Tract No. 38698, as per map recorded in Book 989, Pages 17 and 18 of Maps, all in the City of Los Angeles, County of Los Angeles, State of California, in the office of the County Recorder of said County.

EXCEPT therefrom the Southwesterly 10 feet and Westerly 10 feet of Lot 1 of Tract No. 24119.

PARCEL 2J:

All of Tract No. 10729, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 36 and 37, of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said Tract No. 10729 included within the lines of Tract No. 18542, as per map recorded in Book 551, Pages 5 and 6 of Maps, Records of said County.

PARCEL 2K:

Lot 1 of Tract No. 18542, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 551, Pages 5 and 6 of Maps, in the office of the County Recorder of said County.

PARCEL 2L:

Lots 7 and 8 in Block 16 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included within the lines of Tract No. 10729, as per map recorded in Book 174, Pages 36 and 37 of Maps, Records of said County.

PARCEL 2M:

Lot 6 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom that portion thereof conveyed by the Fernando Valley Development Company to Los Angeles Land and Water Company, by deed recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2N:

Lot 5, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Macley Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2O:

Lots 16 and 17 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Macley Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPTING therefrom those portions of said lots lying within the lines of Tract No. 10646, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County.

PARCEL 2P:

Lot 15 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Macley Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

PARCEL 2Q:

Lots 1, 2 and 3 of Tract No. 13080, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2R:

Lot 13, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Macley Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included with Art Street as dedicated on the map of Tract No. 13080.

PARCEL 2S:

That portion of Lot 3 in Block 18 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County, lying Northwesterly of the Northwesterly boundary line of the land first described in Parcel 2 of the deed to the Los Angeles Land and Water Company, recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2T:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2 shown on the map of said Tract No. 10646 as having a bearing and length of "North 26° 02' 30" East 634.74 feet," thence along said Westerly boundary as follows: North 26° 02' 30" East 634.74 feet, North 0° 37' 30" West 54.39 feet and North 41° 22' West 36.99 feet to an angle point in said Westerly boundary; thence along the Northwesterly prolongation of the last mentioned courses North 41° 22' West 20.00 feet to the center line of said Peoria Street; thence along said centerline North 48° 38' 20" East 50.55 feet to the Westerly boundary of said Lot 2; thence North 80° 00' East 294.00 feet; thence South 25° 02' 11" West 668.21 feet; thence South 62° 27' 28" West 320.05 feet to the point of beginning.

EXCEPT that portion of said land included within the lines of Lot 3 of Tract No. 13080, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2U:

Those portions of San Fernando Road, Art Street, and Peoria Street vacated by Resolution To Vacate recorded on May 15, 1986, as Instrument No. 86-606504, Official Records.

EXCEPT therefrom that portion of said San Fernando Road (vacated) lying Southeasterly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farndale Avenue), 60.00 feet wide, as shown on map of Tract No. 10643, recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County; thence North 3° 37' 48" East along the center line of said Tujunga Avenue 560.00 feet; thence North 86° 22' 12" West 30.00 feet to the Westerly line of said Tujunga Avenue; thence South 3° 37' 48" West along said Westerly line 911.88 feet to the True Point of Beginning; thence North 89° 53' 46" West 407.65 feet; thence North 44° 53' 46" West 295.00 feet; thence North 50° 25' 46" West 120.23 feet; thence North 42° 40' 49" West 234.79 feet; thence South

36° 11' 28" West 103.10 feet; thence South 34° 16' 03" West 169.07 feet;
thence South 41° 33' 37" West 233.44 feet; thence South 55° 34' 32" West
166.75 feet; thence South 60° 57' 12" West 130.65 feet; thence North 76° 22'
48" West 81.08 feet; thence South 54° 08' 42" West 99.31 feet to the
Northeasterly line of said San Fernando Road; thence South 48° 43' 31" West at
right angles to said Northeasterly line 60.00 feet to the Southwesterly line
of said San Fernando Road, said Southwesterly line also being the
Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet
wide.

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1987, is by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement of Parcel 2 and Joint Escrow Instructions, of December 31, 1986, as amended, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: Assistant Secretary

"ASSIGNEE"

R.E. ACCOMMODATION COMPANY
a California corporation

By: [Signature]
Its: President

By: [Signature]
Its: Secretary

[NONE]

EXHIBIT "A"

AFFIDAVIT OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest located in the City of Los Angeles, County of Los Angeles, State of California, by R.E. ACCOMMODATION COMPANY, a California corporation ("R.E.A.C."), I hereby certify the following on behalf of the transferor:

1. R.E.A.C. is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. R.E.A.C.'s U.S. employer identification number is 33-0243980;

3. R.E.A.C.'s mail office address is 1101 Dove Street, Suite 100, Newport Beach, California 92660; and

4. I, the under signed individual, declare that I have authority to sign this document on behalf of R.E.A.C.

R.E.A.C. understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete.

DATED: December 23, 1987

R.E. ACCOMMODATION COMPANY,
a California corporation

By:

Isabel J. Suwa
Its: President

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated June 1, 1983, by and between Lessee and Conrock Co. as Lessor, for the premises located at (see the topographical map attached as Exhibit "A" hereto) known herein as (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is June 1, 1983.

(5) That the termination date of the Lease is not less than eight (8) years but no more than fifteen (15) years from the commencement date.

(6) That monthly rent for the Premises is \$100.00.

(7) That monthly rent and other charges under the Lease are paid to December 31, 1987.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$ none; (ii) Advance Rental \$ none; (iii) Key Deposit \$ none; (iv) Sign Deposit \$ none.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied.

(10) That there are no defaults by either Lessor or Lessee under the Lease.

(11) That there are no options in the Lease.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease. None.

EXECUTED THIS 16th DAY OF DECEMBER, 1987.

"LESSEE"

LIVINGSTON-GRAHAM INC.

By: Ronald L. [Signature]
President



1,500'

TOPOGRAPHIC MAP
SUN VALLEY PLANT

LIVINGSTON & GRAHAM, INC.
TOPOGRAPHIC MAP
SUN VALLEY PLANT
FOOTING AND STAIRS
2000 PHOTOGRAPHED AND 2000



SAFECO TITLE
INSURANCE COMPANY

Office 3700 Wilshire Blvd. #101
Los Angeles, CA 90010
(213) 385-0700

DATE 1/5/88

ESCROW 87-66268-1

CalMat Company
3200 San Fernando Road
Los Angeles, CA 90051
Attn: George Cosby

PROPERTY Bradley Landfill Site, Los Angeles County, Parcel III

We enclose the following:

1. Itemized Closing Statement.
2. Copies of letters to Tenants.
3. Copy of Assignment of Service Contracts, etc.
4. Copy of Bill of Sale.
5. Copy of Assignment of Leases.

If you have any questions or require additional information,
please contact this office and reference the above escrow
number.

Jorggi Delaney
for
BONNIE L. KLEIN
ESCROW OFFICER

LETTER OF ENCLOSURE
CAE-64 (Rev. 8-81)

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1987, is by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement of Parcel 1 and Joint Escrow Instructions, of December 31, 1986, as amended, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: [Signature]

Its: Senior Vice President

By: [Signature]

Its: Assistant Secretary

"ASSIGNEE"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]

Its: PRESIDENT

By: [Signature]

Its: Secretary

[NONE]

EXHIBIT "A"

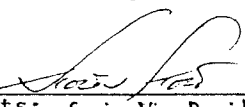
BILL OF SALE

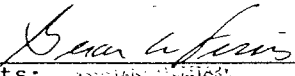
FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to R.E. ACCOMMODATION COMPANY, a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1987.

"Transferor"

CALMAT CO.,
a Delaware corporation

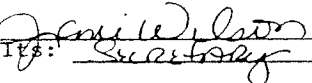
By: 
Its: Senior Vice President

By: 
Its: Assistant Secretary

"Transferee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: 
Its: PRESIDENT

By: 
Its: Secretary

DESCRIPTION

PARCEL 1:

The Northerly 50 feet of Lot 10 of Tract No. 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1A:

Lot 10 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northerly 50 feet thereof.

PARCEL 1B:

The Northerly 50 feet of Lot 11 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1C:

The Southeasterly 50 feet of Lot 8 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1D:

Lot 1, Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Page 49 of Maps, in the office of the County Recorder of said County.

PARCEL 1E:

The Northwesterly 50 feet of Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1F:

Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 50 feet thereof.

EXHIBIT "A"

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1987, by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts that foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: Assistant Secretary

"Assignee"

R.E. ACCOMMODATION COMPANY,
a California corporation

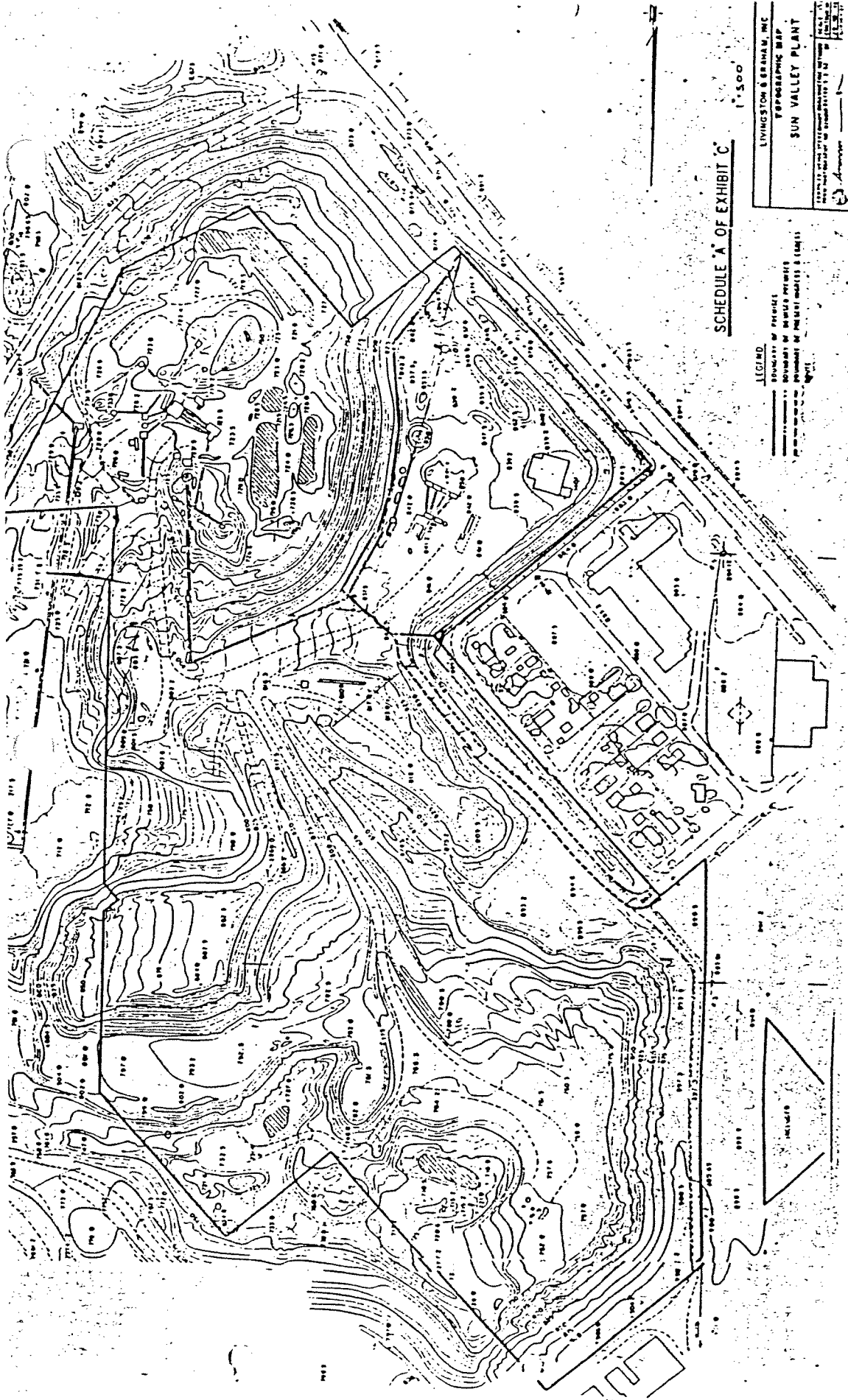
By: [Signature]
Its: President

By: [Signature]
Its: Secretary

EXHIBIT "A"

Parcel 1 Leases

Lease, dated June 1, 1983, between Conrock Co.,
lessor, and Livingston-Graham, Inc., of premises
described in topographical map attached hereto as
Schedule A. (File attached.)



SCHEDULE A OF EXHIBIT C

LEGEND

BOUNDARY OF PLANT
BOUNDARY OF ADJACENT PROPERTY
PLANT OF ADJACENT PROPERTY

LIVINGSTON & BRANHAM, INC.
TOPOGRAPHIC MAP
SUN VALLEY PLANT
1961
SCALE: 1" = 1,500'



**SAFECO TITLE
INSURANCE COMPANY**

Office 3700 Wilshire Blvd. #101
Los Angeles, CA 90010
(213) 385-0700

DATE 1/5/88

ESCROW 87-66268-1

CalMat Company
3200 San Fernando Road
Los Angeles, CA 90051
Attn: George Cosby

PROPERTY Bradley Landfill Site, Los Angeles County, Parcel III

We enclose the following:

1. Itemized Closing Statement.
2. Copies of letters to Tenants.
3. Copy of Assignment of Service Contracts, etc.
4. Copy of Bill of Sale.
5. Copy of Assignment of Leases.

If you have any questions or require additional information,
please contact this office and reference the above escrow
number.

Jorggi Delaney
for
BONNIE L. KLEIN
ESCROW OFFICER

LETTER OF ENCLOSURE
CAE-64 (Rev. 8-81)

STATEMENT OF:
R E Accomodation Co.

Escrow Officer
Bonnie L. Klein

Escrow No. 87-66268-1
Date

Property Address Bradley Landfill Site, Los Angeles County

ITEMS	DEBITS	CREDITS
Deposit	\$	\$
Outside Escrow		
Consideration		\$400,000.00
First Trust Deed		
Second Trust Deed		
Third Trust Deed		
New First Trust Deed		
New Second Trust Deed		
New Third Trust Deed		
Interest from Savings		\$ 1,770.46
Taxes \$		
Insurance \$		
Interest on \$		
Interest on \$		
Rent \$		
Rent \$		
Rent \$		
Rent \$		
Maintenance \$		
Rental Deposits \$		
Termite Inspection to:		
Fire Insurance Premium to:		
Commission paid to:		
Commission paid to:		
Commission paid to:		
Payment of demand to:		
Interest on		
Forwarding Fee/Beneficiary Fee		
Prepayment charge and/or late charge		
Reconveyance Fee		
Impound Credit/Deficit		
Payment of demand to:		
Interest on		
Forwarding Fee/Beneficiary Fee		
Prepayment charge and/or late charge		
Title Co. Sub Escrow Fee - Processing Payoffs		
Policy of title insurance	\$ 330.00	
Documentary transfer tax	\$ 880.00	
Recording documents	\$ 54.00	
Reconveyance Fee		
Tax service		
County tax collector for taxes Fiscal year		
Escrow Fee	\$ 607.50	
Completing Documents		
Notary Fee		
Insurance Endorsement Fee		
Beneficiary and/or demand Processing Fee		
Loan tie-in Fee		
Funds held for proof payment of taxes	\$ 2,708.48	
Balance. Check enclosed herewith	\$397,190.48	
TOTALS	\$401,770.46	\$401,770.46

THIS FORM SHOULD BE RETAINED FOR INCOME TAX PURPOSES

January 5, 1988

TO: Armen Ornamental Iron Works

RE: Sale of 9229 Ralston Avenue, Sun Valley, CA

CALMAT CO., a Delaware corporation is pleased to announce the sale of 9229 Ralston Avenue, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1988.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to Valley Reclamation Co. and mailed for receipt at the time required by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any matter relating to your lease should be sent to Valley Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

By: 

Its: Secretary

January 5, 1988

TO: Mecum Enterprises

RE: Sale of 9233 Ralston Avenue, Sun Valley, CA (2 lots)

CALMAT CO., a Delaware corporation is pleased to announce the sale of the two lots described as 9233 Ralston Avenue, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1988.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to Valley Reclamation Co. and mailed for receipt at the time required by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any matter relating to your lease should be sent to Valley Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

By: 

Its: Secretary

January 5, 1988

TO: Juan Marin

RE: Sale of 9234 Sutter, Sun Valley, CA

CALMAT CO., a Delaware corporation is pleased to announce the sale of 9234 Sutter, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1988.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to Valley Reclamation Co. and mailed for receipt at the time required by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any matter relating to your lease should be sent to Valley Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

By: 

Its: Secretary

January 5, 1988

TO: Carlos Villalobos
11738 Wicks St.
Sun Valley, CA 91352

RE: Sale of 11738 Wicks Street

CALMAT CO., a Delaware corporation is pleased to
announce the sale of 11738 Wicks Street to VALLEY
RECLAMATION CO., a California corporation, on
December 31, 1988.

Please note the following important change in rent
payment and notice procedure. Rents and all other charges
due under your lease should be made payable to Valley
Reclamation Co. and mailed for receipt at the time required
by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any
matter relating to your lease should be sent to Valley
Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

By: 

Its: Secretary

January 5, 1988

TO: Miss Terry Yarter
9221 Ralston Avenue
Sun Valley, CA 91352

RE: Sale of 9221 Ralston Avenue

CALMAT CO., a Delaware corporation is pleased to
announce the sale of 9221 Ralston Avenue to VALLEY
RECLAMATION CO., a California corporation, on
December 31, 1988.

Please note the following important change in rent
payment and notice procedure. Rents and all other charges
due under your lease should be made payable to Valley
Reclamation Co. and mailed for receipt at the time required
by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any
matter relating to your lease should be sent to Valley
Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

By: 

Its: Secretary

January 5, 1988

TO: Phillips Asphalt Paving Co.
P.O. Box 343
Montrose, CA 91020

RE: Sale of 9219 Ralston Avenue, Sun Valley, CA

CALMAT CO., a Delaware corporation is pleased to announce the sale of 9219 Ralston Avenue, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1987.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to Valley Reclamation Co. and mailed for receipt at the time required by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any matter relating to your lease should be sent to Valley Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

By: 

Its: Secretary

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1987, is by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement of Parcel 1 and Joint Escrow Instructions, of December 31, 1986, as amended, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: Assistant Secretary

"ASSIGNEE"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]
Its: PRESIDENT

By: [Signature]
Its: Secretary

[NONE]

EXHIBIT "A"

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to R.E. ACCOMMODATION COMPANY, a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1987.

"Transferor"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: Assistant Secretary

"Transferee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]
Its: PRESIDENT

By: [Signature]
Its: Secretary

DESCRIPTION

PARCEL 1:

The Northerly 50 feet of Lot 10 of Tract No. 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1A:

Lot 10 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northerly 50 feet thereof.

PARCEL 1B:

The Northerly 50 feet of Lot 11 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1C:

The Southeasterly 50 feet of Lot 8 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1D:

Lot 1, Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Page 49 of Maps, in the office of the County Recorder of said County.

PARCEL 1E:

The Northwesterly 50 feet of Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1F:

Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 50 feet thereof.

EXHIBIT "A"

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1987, by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts that foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: ASSISTANT SECRETARY

"Assignee"

R.E. ACCOMMODATION COMPANY,
a California corporation

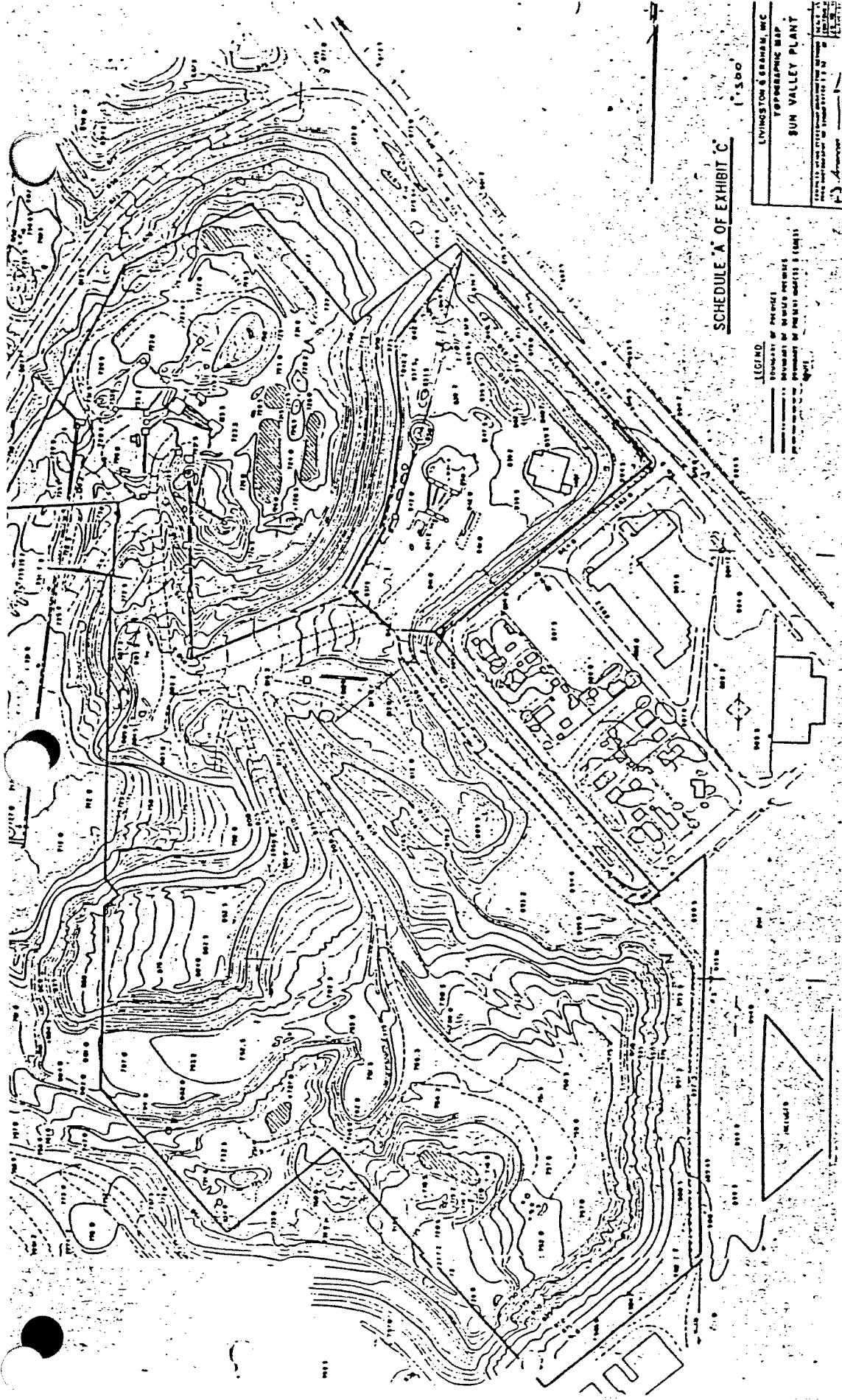
By: [Signature]
Its: PRESIDENT

By: [Signature]
Its: SECRETARY

EXHIBIT "A"

Parcel 1 Leases

Lease, dated June 1, 1983, between Conrock Co.,
lessor, and Livingston-Graham, Inc., of premises
described in topographical map attached hereto as
Schedule A. (File attached.)



SCHEDULE A OF EXHIBIT C

LIVINGSTON & GRAHAM, INC.
TOPOGRAPHIC MAP
SUN VALLEY PLANT
SCALE: 1" = 1/2 MILE
DATE: 1/1/60
BY: J. A. GRAHAM

LEGEND
BOUNDARY OF PROJECT
BOUNDARY OF PLANT
BOUNDARY OF PROJECT AREA

1/2 MILE

January 5, 1988

TO: Armen Ornamental Iron Works

RE: Sale of 9229 Ralston Avenue, Sun Valley, CA

CALMAT CO., a Delaware corporation is pleased to announce the sale of 9229 Ralston Avenue, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1988.



**SAFECO TITLE
INSURANCE COMPANY**

Office 3700 Wilshire Blvd. #101
Los Angeles, CA 90010
(213) 385-0700

DATE 1/5/88

ESCROW 87-66268-1

CalMat Company
3200 San Fernando Road
Los Angeles, CA 90051
Attn: George Cosby

PROPERTY

Bradley Landfill Site, Los Angeles County, Parcel III

We enclose the following:

1. Itemized Closing Statement.
2. Copies of letters to Tenants.
3. Copy of Assignment of Service Contracts, etc.
4. Copy of Bill of Sale.
5. Copy of Assignment of Leases.

If you have any questions or require additional information, please contact this office and reference the above escrow number.

A handwritten signature in cursive script that reads 'Jorggi Delaney'.

Jorggi Delaney
for
BONNIE L. KLEIN
ESCROW OFFICER



SAFECO TITLE
INSURANCE COMPANY

Office 3700 Wilshire Blvd. #101
Los Angeles, CA 90010
(213) 385-0700

DATE 1/5/88

ESCROW 87-66270-1

- CalMat Co.
- 3200 San Fernando Road
- Los Angeles, CA 90051
- Attn: George Cosby

PROPERTY Bradley Landfill Site, L.A. County - Parcel I

We enclose the following:

1. Itemized Closing Statement.
2. Copy of Assignment of Leases (executed without dates).
3. Copy of Bill of Sale.
4. Copy of Assignment of Service Contracts, etc.
5. Copy of Estoppel Certificate.

If you have any questions or require additional information
please contact this office and reference the above escrow
number.

Jorggi Delaney
for
BONNIE L. KLEIN
ESCROW OFFICER

LETTER OF ENCLOSURE
CAE-64 (Rev. 8-81)

Balance XXXXXXXXXX Wire Transferred	\$3,438,613.50	
	\$3,613,235.00	\$3,613,235.
TOTALS		

THIS FORM SHOULD BE RETAINED FOR INCOME TAX PURPOSES

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES, dated as of this ____ day of December, 1987, by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

Recitals:

(a) Assignor is the lessor pursuant to those certain leases ("Leases") described in Exhibit A attached hereto and made a part hereof.

(b) Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the Leases, on the terms and conditions stated below:

Agreement:

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Leases.

2. Assignee hereby accepts that foregoing assignment and assumes all of the obligations of Assignor under the Leases arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases on the date first above written.

"Assignor"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: Senior Vice President

By: [Signature]
Its: Assistant Secretary

"Assignee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]
Its: PRESIDENT

By: [Signature]
Its: Secretary

EXHIBIT "A"

Parcel 3 Leases

1. 9219 Ralston Avenue
Oral month to month lease to Phillips Asphalt
Paving Co. of 0.14± acres, unimproved. Monthly
rent \$275.00.
2. 9221 Ralston Avenue
Oral month to month lease to Ms. Terry Yarter of a
single family residence. Monthly rent \$465.00.
(\$450.00 security deposit deposited with CalMat.)
3. 9229 Ralston Avenue
Month to month lease of partially improved lot to
Armen Ornamental Iron Works. (Original
counterpart of rental agreement in the possession
of Hal Dally.) Monthly rental \$400.00.
4. 9233 Ralston Avenue
Month to month lease of 2 unimproved lots to Mecum
Enterprises. (Original counterpart of rental
agreemetn in the possession of Hal Dally.)
Monthly rental \$500.00.
5. 11738 Wicks Street
Oral month to month lease to Carlos Villalobos of
a single family residence. Monthly rent \$150.00.
6. 9234 Sutter
Month to month lease to Juan Marin of an
unimproved lot. (Original counterpart of lease in
the possession of Hal Dally.) Monthly rental
\$300.00

BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, CALMAT CO., a Delaware corporation ("Transferor"), hereby sells, transfers, assigns and delivers to R.E. ACCOMMODATION COMPANY, a California corporation ("Transferee") and its successors and assigns, all of Transferor's right, title and interest, free and clear of all liens, claims and encumbrances in the properties and assets of every kind and description ("Assets"), whether tangible or intangible, personal or mixed, which are located on, affixed to or used in connection with that certain real property ("Property"), more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Transferor has executed this Bill of Sale this ____ day of December, 1987.

"Transferor"

CALMAT CO.,
a Delaware corporation

By: _____

Its: Secretary

By: _____

Its: _____

"Transferee"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: _____

Its: President

By: _____

Its: Secretary

DESCRIPTION

PARCEL 3:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as shown on map filed in Book 174, Pages 34 and 35, of Maps, in the office of the Recorder of the County of Los Angeles and that portion of San Fernando Road vacated by Resolution to Vacate No. 86-21499 of the City of Los Angeles recorded May 15, 1986 as Instrument No. 86-606504, of Official Records of said County lying Northerly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farndale Avenue), 60.00 feet wide, as shown on said map: thence North 3° 37' 48" East along the center line of said Tujunga Avenue 560.00 feet: thence North 86° 22' 12" West 30.00 feet to the Westerly line of said Tujunga Avenue: thence South 3° 37' 48" West along said Westerly line 911.88 feet to the True Point of Beginning: thence North 89° 53' 46" West 407.65 feet: thence North 44° 53' 46" West 295.00 feet: thence North 50° 25' 46" West 120.23 feet: thence North 42° 40' 49" West 234.79 feet: thence South 36° 11' 28" West 103.10 feet: thence South 34° 16' 03" West 169.07 feet: thence South 41° 33' 37" West 233.44 feet: thence South 55° 54' 32" West 166.75 feet: thence South 60° 57' 12" West 130.65 feet: thence North 76° 22' 48" West 81.08 feet: thence South 54° 06' 42" West 99.31 feet to the Northeasterly line of said San Fernando Road; thence South 48° 43' 31" West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of said San Fernando Road, said Southwesterly line also being the Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

EXCEPT therefrom that portion of said San Fernando Road lying Northwesterly of the Southwesterly prolongation Southeasterly line of Peoria Street, 40.00 feet wide as shown on said map.

ALSO EXCEPTING that portion of said Lot 2 included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2, shown on the map of said Tract No. 10646, as having a bearing and length of North 26° 02' 30" East 634.74 feet: thence along said Westerly boundary as follows: North 26° 02' 30" East 634.74 feet, North 0° 37' 30" West 54.39 feet and North 41° 22' 00" West 38.99 feet to an angle point in said Westerly boundary: thence along the Northwesterly prolongation of said last mentioned course North 41° 22' 00" West 20.00 feet to the centerline of Peoria Street as shown on said map: thence along said centerline, North 48° 38' 20" East 50.55 feet to the Westerly boundary of said Lot 2: thence North 80° 00' 00" East 294.00 feet: thence South 25° 02' 11" West 668.21 feet: thence South 62° 27' 28" West 320.05 feet to the point of beginning.

EXHIBIT "A"

ASSIGNMENT OF SERVICE CONTRACTS,
INTANGIBLE PROPERTY, WARRANTIES AND GUARANTEES

This instrument, dated as of December __, 1987, is by and between CALMAT CO., a Delaware corporation ("Assignor") and R.E. ACCOMMODATION COMPANY, a California corporation ("Assignee").

RECITALS:

(a) Assignor is the holder of various service contracts, maintenance contracts and other contracts and agreements as well as certain intangible property, warranties and guarantees (collectively the "Intangible Property") all referred to in Section 3.3 of that certain Purchase and Sale Agreement of Parcel 3 and Joint Escrow Instructions, of December 31, 1986, as amended, by and between Assignor and Assignee.

(b) Assignor desires to assign the Intangible Property to Assignee, and Assignee desires to accept such assignment, on the terms and conditions stated below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed:

1. Assignor hereby assigns, transfers and conveys to Assignee all of its right, title and interest in, to and under the Intangible Property as more particularly described on Exhibit A attached hereto.

2. Assignee hereby accepts the foregoing assignment and assumes all obligations of Assignor under the Intangible Property arising subsequent to the date hereof.

3. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the date first above written.

"ASSIGNOR"

CALMAT CO.,
a Delaware corporation

By: [Signature]
Its: President

By: [Signature]
Its: Secretary

"ASSIGNEE"

R.E. ACCOMMODATION COMPANY,
a California corporation

By: [Signature]
Its: PRESIDENT

By: [Signature]
Its: Secretary

[NONE]

EXHIBIT "A"

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated June 1, 1983, by and between Lessee and Conrock Co. as Lessor, for the premises located at (see the topographical map attached as Exhibit "A" hereto) known herein as (the "Premises"), hereby certifies as follows:

- (1) That Lessee has entered into occupancy of, and occupies the Premises.
- (2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way.
- (3) That the Lease represents the entire agreement between the parties as to said leasing.
- (4) That the commencement date of the Lease is June 1, 1983.
- (5) That the termination date of the Lease is not less than eight (8) years but no more than fifteen (15) years from the commencement date.
- (6) That monthly rent for the Premises is \$100.00.
- (7) That monthly rent and other charges under the Lease are paid to December 31, 1987.
- (8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$ none ; (ii) Advance Rental \$ none ; (iii) Key Deposit \$ none ; (iv) Sign Deposit \$ none .
- (9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied.
- (10) That there are no defaults by either Lessor or Lessee under the Lease.
- (11) That there are no options in the Lease.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease. None.

EXECUTED THIS 16th DAY OF DECEMBER, 1987.

"LESSEE"

LIVINGSTON-GRAHAM, INC.

By: Ronald A. Graham
President

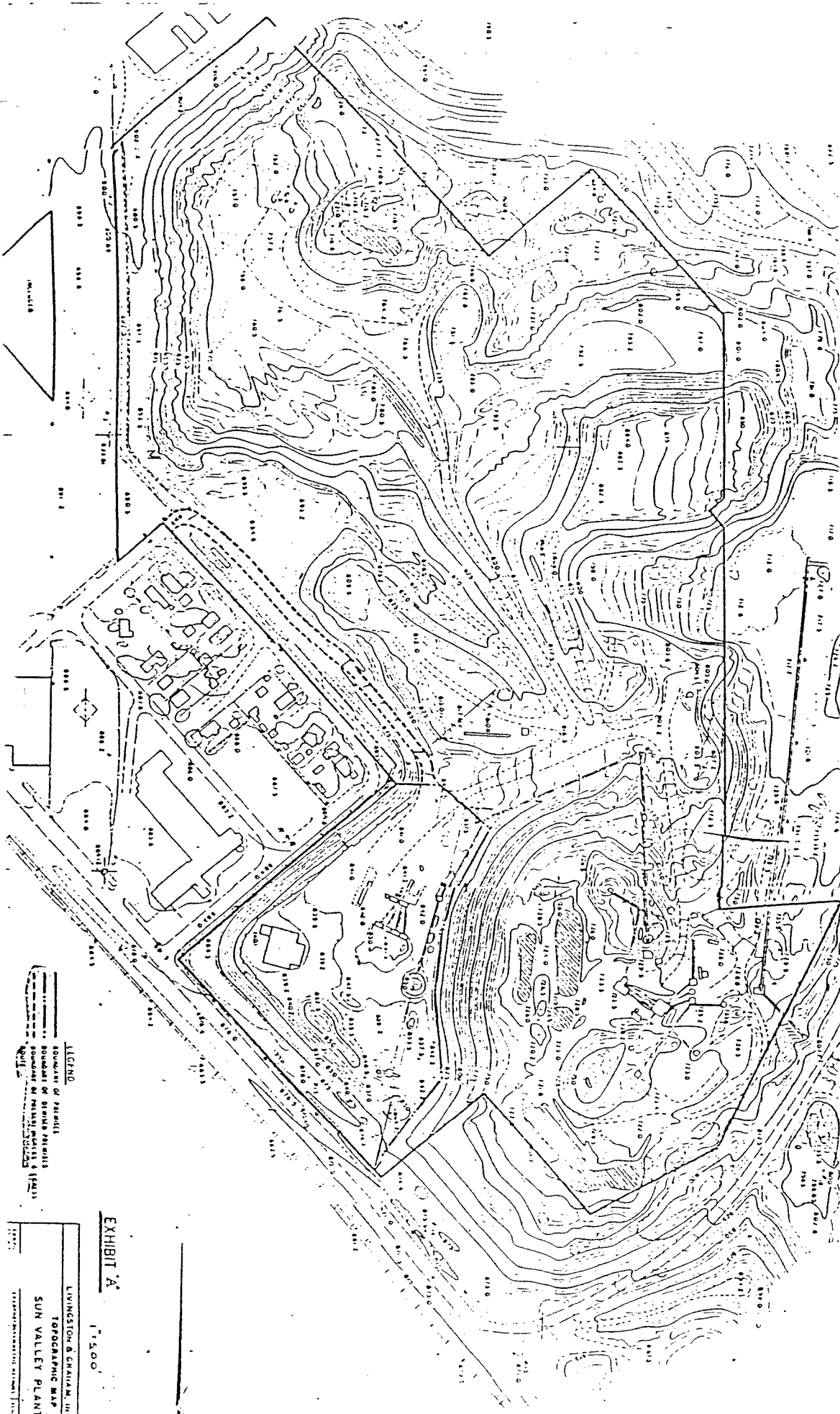


EXHIBIT A

1"=500'

LIVINGSTON & CHALMERS, INC.

TOPOGRAPHIC MAP

SUN VALLEY PLANT

TOPOGRAPHIC MAP

LEGEND

BOUNDARY OF PARCELS

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS (1941)

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS

BOUNDARY OF MINING PATENTS



INTER OFFICE MEMORANDUM

TO

Scott J Wilcott

DATE

1/5/87

SUBJECT

Sale of Valley Reclamation Landfill

FROM

Brian W. Ferris *BWF*

FILE REF.

Title to the Valley Reclamation landfill was conveyed to Valley Reclamation Co. on December 31, 1987. The transaction was structured to qualify as a I.R.S. §1031 exchange. A legal description of the property involved is attached.

As a result of this transaction, \$12.9 Million in "exchange value" is available to CalMat Co. for acquisition of like-kind property. Such property must be identified within forty-five (45) days from the date of closing, and conveyed to CalMat within one hundred eighty (180) days of closing.

Several items which are normally resolved at close of escrow remain open on this transaction:

1. taxes and rents must be prorated;
2. security deposits and prepaid rents must be conveyed;
3. physical conveyance of service contracts, permits, leases, and notices to tenants, if any, remains to be accomplished;
4. CalMat has agreed to grant a sewer easement to Valley Reclamation Co. within one hundred twenty (120) days of closing in accordance with the attached Easement and Relinquishment Agreement.

The assistance of George Cosby, Jock Scott, Tony Lucero and Anne Morris proved invaluable in bringing the buyer into a position to close by our deadline of December 31. Also, during a week which is extremely busy for title and escrow companies, Safeco Division of Chicago Title Insurance Company demonstrated its high regard for us as a client by keeping its offices open after hours, and working tenaciously on the morning and afternoon of December 31 to assure that our documents were recorded that afternoon.

Although Valley Reclamation Co., through its parent Waste Management, had agreed to deposit the purchase price in escrow on Wednesday, December 30, the funds were not in fact deposited until after 10:00 a.m. on December 31. Despite this problem, and the late hour of closing, Safeco was able to invest the funds for our accommodation seller over the weekend.

DESCRIPTION

PARCEL 1:

The Northerly 50 feet of Lot 10 of Tract No. 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1A:

Lot 10 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northerly 50 feet thereof.

PARCEL 1B:

The Northerly 50 feet of Lot 11 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1C:

The Southeasterly 50 feet of Lot 8 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1D:

Lot 1, Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Page 49 of Maps, in the office of the County Recorder of said County.

PARCEL 1E:

The Northwesterly 50 feet of Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1F:

Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 50 feet thereof.

DESCRIPTION

PARCEL 2:

Lots 6, 7, 9, 10, 11 and the Northeast one-half of Lot 8, all in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18, of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 492.30 feet of said lots.

PARCEL 2A:

The Southwesterly half of Lot 8 in Block 13 of Los Angeles Land and Water Company's Subdivision, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the said Recorder of said County.

EXCEPT the Northwesterly 492.3 feet thereof.

PARCEL 2B:

Lots 18 to 24, inclusive, in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street and Wicks Place as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT those portions of said Lots 21, 22, 23 and 24 included within the lines of Tract No. 10729, as per map recorded in Book 174, Page 36, of Maps, Records of said County.

PARCEL 2C:

The Southwesterly half of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2D:

The Northeasterly 155.25 feet of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2E:

Lots 1 and 2 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom a strip of land 10 feet wide in Lot 2, Easterly of and adjacent to the Westerly line of said Lot 2 from the Northeasterly line of the lot to a line 32 feet Northeasterly of and parallel with the Southwesterly line of said lot; thence continuing Southeasterly 10 feet wide Northeasterly of and adjacent to the above described parallel line to its intersection with Wicks Avenue.

PARCEL 2F:

Lot 3 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2G:

Lot 4 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2H:

The Southwesterly 10 feet of Lot 1 of Tract No. 24119, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 629, Pages 21 and 22 of Maps, in the office of the County Recorder of said County.

PARCEL 2I:

Lots 1 and 2 of Tract No. 24119, as per map recorded in Book 629, Pages 21 and 22 of Maps, together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records and Lot 1 of Tract No. 38698, as per map recorded in Book 989, Pages 17 and 18 of Maps, all in the City of Los Angeles, County of Los Angeles, State of California, in the office of the County Recorder of said County.

EXCEPT therefrom the Southwesterly 10 feet and Westerly 10 feet of Lot 1 of Tract No. 24119.

PARCEL 2J:

All of Tract No. 10729, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 36 and 37, of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said Tract No. 10729 included within the lines of Tract No. 18542, as per map recorded in Book 551, Pages 5 and 6 of Maps, Records of said County.

PARCEL 2K:

Lot 1 of Tract No. 18542, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 551, Pages 5 and 6 of Maps, in the office of the County Recorder of said County.

PARCEL 2L:

Lots 7 and 8 in Block 16 of the Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included within the lines of Tract No. 10729, as per map recorded in Book 174, Pages 36 and 37 of Maps, Records of said County.

PARCEL 2M:

Lot 6 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom that portion thereof conveyed by the Fernando Valley Development Company to Los Angeles Land and Water Company, by deed recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2N:

Lot 5, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2O:

Lots 16 and 17 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPTING therefrom those portions of said lots lying within the lines of Tract No. 10646, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County.

PARCEL 2P:

Lot 15 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

PARCEL 2Q:

Lots 1, 2 and 3 of Tract No. 13080, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2R:

Lot 13, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included with Art Street as dedicated on the map of Tract No. 13080.

PARCEL 2S:

That portion of Lot 3 in Block 18 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County, lying Northwesterly of the Northwesterly boundary line of the land first described in Parcel 2 of the deed to the Los Angeles Land and Water Company, recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2T:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2 shown on the map of said Tract No. 10646 as having a bearing and length of "North 26° 02' 30" East 634.74 feet," thence along said Westerly boundary as follows: North 26° 02' 30" East 634.74 feet, North 0° 37' 30" West 54.39 feet and North 41° 22' West 38.99 feet to an angle point in said Westerly boundary; thence along the Northwesterly prolongation of the last mentioned courses North 41° 22' West 20.00 feet to the center line of said Peoria Street; thence along said centerline North 48° 38' 20" East 50.55 feet to the Westerly boundary of said Lot 2; thence North 80° 00' East 294.00 feet; thence South 25° 02' 11" West 668.21 feet; thence South 62° 27' 28" West 320.05 feet to the point of beginning.

EXCEPT that portion of said land included within the lines of Lot 3 of Tract No. 13080, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2U:

Those portions of San Fernando Road, Art Street, and Peoria Street vacated by Resolution To Vacate recorded on May 15, 1986, as Instrument No. 86-606504, Official Records.

EXCEPT therefrom that portion of said San Fernando Road (vacated) lying Southeasterly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farmdale Avenue), 60.00 feet wide, as shown on map of Tract No. 10643, recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County; thence North 3° 37' 48" East along the center line of said Tujunga Avenue 560.00 feet; thence North 86° 22' 12" West 30.00 feet to the Westerly line of said Tujunga Avenue; thence South 3° 37' 48" West along said Westerly line 911.88 feet to the True Point of Beginning; thence North 89° 53' 46" West 407.65 feet; thence North 44° 53' 46" West 295.00 feet; thence North 50° 25' 46" West 120.23 feet; thence North 42° 40' 49" West 234.79 feet; thence South

36° 11' 28" West 103.10 feet; thence South 34° 16' 03" West 169.07 feet; thence South 41° 33' 37" West 233.44 feet; thence South 55° 54' 32" West 166.75 feet; thence South 60° 57' 12" West 130.65 feet; thence North 76° 22' 48" West 81.08 feet; thence South 54° 08' 42" West 99.31 feet to the Northeasterly line of said San Fernando Road; thence South 48° 43' 31" West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of said San Fernando Road, said Southwesterly line also being the Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

DESCRIPTION

PARCEL 3:

That portion of Lot 2 of Tract 10646 in the City of Los Angeles, County of Los Angeles, State of California as shown on map filed in Book 174 Pages 34 and 35, of Maps in the office of the Recorder of the County of Los Angeles and that portion of San Fernando Road vacated by Resolution to Vacate No. 86-21499 of the City of Los Angeles recorded May 15, 1926 as Instrument No. 26-606504 of Official Records of said County lying Northerly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide with the center line of Tujunga Avenue (formerly Farndale Avenue) 60.00 feet wide as shown on said map thence North $3^{\circ} 37' 48''$ East along the center line of said Tujunga Avenue 560.00 feet thence North $86^{\circ} 22' 12''$ West 30.00 feet to the Westerly line of said Tujunga Avenue thence South $3^{\circ} 37' 48''$ West along said Westerly line 911.88 feet to the True Point of Beginning thence North $80^{\circ} 53' 46''$ West 407.65 feet thence North $44^{\circ} 53' 46''$ West 295.00 feet thence North $50^{\circ} 25' 46''$ West 120.23 feet thence North $42^{\circ} 40' 49''$ West 234.75 feet thence South $36^{\circ} 11' 28''$ West 103.10 feet thence South $34^{\circ} 16' 03''$ West 169.07 feet thence South $41^{\circ} 33' 37''$ West 233.44 feet thence South $55^{\circ} 54' 32''$ West 166.75 feet thence South $60^{\circ} 57' 12''$ West 130.65 feet thence North $76^{\circ} 22' 49''$ West 81.08 feet thence South $54^{\circ} 08' 42''$ West 99.31 feet to the Northeasterly line of said San Fernando Road, thence South $48^{\circ} 43' 31''$ West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of said San Fernando Road, said Southwesterly line also being the Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

EXCEPT therefrom that portion of said San Fernando Road lying Northwesterly of the Southwesterly prolongation of the Southwesterly line of Peoria Street, 40.00 feet wide as shown on said map.

ALSO EXCEPTING that portion of said Lot 2 included within the following described boundaries

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2, shown on the map of said Tract No. 10646, as having a bearing and length of North $26^{\circ} 02' 30''$ East 634.74 feet thence along said Westerly boundary as follows North $26^{\circ} 02' 30''$ East 634.74 feet North $0^{\circ} 37' 30''$ West 54.39 feet and North $41^{\circ} 22' 00''$ West 38.99 feet to an angle point in said Westerly boundary thence along the Northwesterly prolongation of said last mentioned course North $41^{\circ} 22' 00''$ West 20.00 feet to the centerline of Peoria Street as shown on said map thence along said centerline, North $48^{\circ} 38' 20''$ East 50.55 feet to the Westerly boundary of said Lot 2 thence North $80^{\circ} 00' 00''$ East 294.00 feet thence South $25^{\circ} 02' 11''$ West 668.21 feet thence South $62^{\circ} 27' 28''$ West 320.05 feet to the point of beginning.

EASEMENT AND RELINQUISHMENT AGREEMENT

THIS EASEMENT AND RELINQUISHMENT AGREEMENT (the "Agreement") is made and entered into as of this 30th day of December, 1987, by and between CALMAT CO., a Delaware corporation ("CalMat"), and VALLEY RECLAMATION CO., a California corporation ("Valley"), with reference to the following facts:

A. CalMat is the owner of that certain real property (the "Burdened Property") located in the County of Los Angeles, State of California, as more particularly described in Exhibit A hereto.

B. CalMat is also the owner of that certain real property (the "Benefitted Property") located in the County of Los Angeles, State of California, as more particularly described in Exhibit B hereto, which Valley is about to acquire.

C. Valley desires to obtain from CalMat and CalMat desires to grant to Valley certain easements on, over and under the Burdened Property and CalMat further desires to relinquish certain rights, if any, it may have relating to the Benefitted Property to more fully allow Valley to use and operate the Benefitted Property as originally contemplated by the Parties.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, CalMat and Valley agree as follows:

1. CalMat agrees to grant to Valley, as soon as reasonably practicable, but in no event later than 120 days following the date hereof, an exclusive easement for the benefit of the Benefitted Property for underground sewage pipeline purposes across the Burdened Property, together with a right of ingress and egress upon, over and across the Burdened Property in connection therewith. CalMat and Valley agree to cooperate in good faith to determine the exact location of such easement; provided, however, that the location of such easement and the exercise of the rights thereunder shall not unreasonably interfere with CalMat's use of the Burdened Property. In addition, CalMat shall have the one time right, at CalMat's sole cost and expense, to relocate such easement. CalMat agrees to cooperate with Valley in the granting of such easement, including, without limitation, executing all necessary documentation in connection therewith.

2. CalMat agrees that Valley shall have the right to remove any and all pipes, lines and other similar underground improvements located on, over or under the Benefitted Property other than those installed or to be installed within the

easement(s) granted or to be granted by Valley to CalMat pursuant to those certain easement agreements dated December 30, 1987, by and between Valley, as Grantor, and CalMat, as Grantee. CalMat further agrees to, and does hereby, relinquish, release and quitclaim to Valley any and all easements and other rights, if any, prescriptive or otherwise, which may now or hereafter exist as a result of the existence of such pipes, lines and other similar underground improvements, and further agrees to execute any and all instruments which Valley may require in connection with or to otherwise evidence the foregoing.

3. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall be deemed to be one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CALMAT CO., a Delaware
corporation

By: _____

Its: _____

VALLEY RECLAMATION CO.,
a California corporation

By: _____

Its: _____

DESCRIPTION

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as shown on map filed in Book 174, Pages 34 and 35, of Maps, in the office of the Recorder of the County of Los Angeles lying Southerly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farmdale Avenue), 60.00 feet wide, as shown on said map; thence North $3^{\circ}37'48''$ East along the center line of said Tujunga Avenue 560.00 feet; thence North $86^{\circ}22'12''$ West 30.00 feet to the Westerly line of said Tujunga Avenue; thence South $3^{\circ}37'48''$ West along said Westerly line 911.88 feet to the True Point of Beginning; thence North $89^{\circ}53'46''$ West 407.65 feet; thence North $44^{\circ}53'46''$ West 295.00 feet thence North $50^{\circ}25'46''$ West 120.23 feet; thence North $42^{\circ}40'49''$ West 234.79 feet; thence South $36^{\circ}11'28''$ West 103.10 feet; thence South $34^{\circ}16'03''$ West 169.07 feet; thence South $41^{\circ}33'37''$ West 233.44 feet; thence South $55^{\circ}54'32''$ West 166.75 feet; thence South $60^{\circ}57'12''$ West 130.65 feet; thence North $76^{\circ}22'48''$ West 81.08 feet; thence South $54^{\circ}08'42''$ West 99.31 feet to the Northeasterly line of San Fernando Road; thence South $48^{\circ}43'31''$ West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

EXHIBIT "B"
"A"

8701728-67
DESCRIPTION

DESCRIPTION

PARCEL 3:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as shown on map filed in Book 174, Pages 34 and 35, of Maps, in the office of the Recorder of the County of Los Angeles and that portion of San Fernando Road vacated by Resolution to Vacate No. 86-21499 of the City of Los Angeles recorded May 15, 1926 as Instrument No. 86-606504, of Official Records of said County lying Northerly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farndale Avenue), 60.00 feet wide, as shown on said map: thence North $3^{\circ} 37' 48''$ East along the center line of said Tujunga Avenue 560.00 feet: thence North $86^{\circ} 22' 12''$ West 30.00 feet to the Westerly line of said Tujunga Avenue: thence South $3^{\circ} 37' 48''$ West along said Westerly line 911.88 feet to the True Point of Beginning: thence North $89^{\circ} 53' 46''$ West 407.65 feet: thence North $44^{\circ} 53' 46''$ West 295.00 feet: thence North $50^{\circ} 25' 46''$ West 120.23 feet: thence North $42^{\circ} 40' 49''$ West 234.79 feet: thence South $36^{\circ} 11' 28''$ West 103.10 feet: thence South $34^{\circ} 16' 03''$ West 169.07 feet: thence South $41^{\circ} 33' 37''$ West 233.44 feet: thence South $55^{\circ} 54' 32''$ West 166.75 feet: thence South $60^{\circ} 57' 12''$ West 130.65 feet: thence North $76^{\circ} 22' 48''$ West 81.08 feet: thence South $54^{\circ} 06' 42''$ West 99.31 feet to the Northeasterly line of said San Fernando Road: thence South $48^{\circ} 43' 31''$ West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of said San Fernando Road, said Southwesterly line also being the Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

EXCEPT therefrom that portion of said San Fernando Road lying Northwesterly of the Southwesterly prolongation Southeasterly line of Peoria Street, 40.00 feet wide as shown on said map.

ALSO EXCEPTING that portion of said Lot 2 included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2, shown on the map of said Tract No. 10646, as having a bearing and length of North $26^{\circ} 02' 30''$ East 634.74 feet: thence along said Westerly boundary as follows: North $26^{\circ} 02' 30''$ East 634.74 feet, North $0^{\circ} 37' 30''$ West 54.39 feet and North $41^{\circ} 22' 00''$ West 38.99 feet to an angle point in said Westerly boundary: thence along the Northwesterly prolongation of said last mentioned course North $41^{\circ} 22' 00''$ West 20.00 feet to the centerline of Peoria Street as shown on said map: thence along said centerline, North $48^{\circ} 38' 20''$ East 50.55 feet to the Westerly boundary of said Lot 2: thence North $80^{\circ} 00' 00''$ East 294.00 feet: thence South $25^{\circ} 02' 11''$ West 668.21 feet: thence South $49^{\circ} 27' 28''$ West 330.00 feet.

DESCRIPTION

PARCEL 2:

Lots 6, 7, 9, 10, 11 and the Northeast one-half of Lot 8, all in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18, of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 492.30 feet of said lots.

PARCEL 2A:

The Southwesterly half of Lot 8 in Block 13 of Los Angeles Land and Water Company's Subdivision, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the said Recorder of said County.

EXCEPT the Northwesterly 492.3 feet thereof.

PARCEL 2B:

Lots 18 to 24, inclusive, in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street and Wicks Place as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT those portions of said Lots 21, 22, 23 and 24 included within the lines of Tract No. 10729, as per map recorded in Book 174, Page 36, of Maps, Records of said County.

PARCEL 2C:

The Southwesterly half of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2D:

The Northeasterly 155.25 feet of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2E:

Lots 1 and 2 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom a strip of land 10 feet wide in Lot 2, Easterly of and adjacent to the Westerly line of said Lot 2 from the Northeasterly line of the lot to a line 32 feet Northeasterly of and parallel with the Southwesterly line of said lot; thence continuing Southeasterly 10 feet wide Northeasterly of and adjacent to the above described parallel line to its intersection with Wicks Avenue.

PARCEL 2F:

Lot 3 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2G:

Lot 4 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2H:

The Southwesterly 10 feet of Lot 1 of Tract No. 24119, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 629, Pages 21 and 22 of Maps, in the office of the County Recorder of said County.

PARCEL 2I:

Lots 1 and 2 of Tract No. 24119, as per map recorded in Book 629, Pages 21 and 22 of Maps, together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records and Lot 1 of Tract No. 38698, as per map recorded in Book 989, Pages 17 and 18 of Maps, all in the City of Los Angeles, County of Los Angeles, State of California, in the office of the County Recorder of said County.

EXCEPT therefrom the Southwesterly 10 feet and Westerly 10 feet of Lot 1 of Tract No. 24119.

PARCEL 2J:

All of Tract No. 10729, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 36 and 37, of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said Tract No. 10729 included within the lines of Tract No. 18542, as per map recorded in Book 551, Pages 5 and 6 of Maps, Records of said County.

PARCEL 2K:

Lot 1 of Tract No. 18542, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 551, Pages 5 and 6 of Maps, in the office of the County Recorder of said County.

PARCEL 2L:

Lots 7 and 8 in Block 16 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included within the lines of Tract No. 10729, as per map recorded in Book 174, Pages 36 and 37 of Maps, Records of said County.

PARCEL 2M:

Lot 6 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom that portion thereof conveyed by the Fernando Valley Development Company to Los Angeles Land and Water Company, by deed recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2N:

Lot 5, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2O:

Lots 16 and 17 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPTING therefrom those portions of said lots lying within the lines of Tract No. 10646, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County.

PARCEL 2P:

Lot 15 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

PARCEL 2Q:

Lots 1, 2 and 3 of Tract No. 13080, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2R:

Lot 13, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included with Art Street as dedicated on the map of Tract No. 13080.

PARCEL 2S:

That portion of Lot 3 in Block 18 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County, lying Northwesterly of the Northwesterly boundary line of the land first described in Parcel 2 of the deed to the Los Angeles Land and Water Company, recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2T:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2 shown on the map of said Tract No. 10646 as having a bearing and length of "North 26° 02' 30" East 634.74 feet," thence along said Westerly boundary as follows: North 26° 02' 30" East 634.74 feet, North 0° 37' 30" West 54.39 feet and North 41° 22' West 38.99 feet to an angle point in said Westerly boundary; thence along the Northwesterly prolongation of the last mentioned courses North 41° 22' West 20.00 feet to the center line of said Peoria Street; thence along said centerline North 48° 38' 20" East 50.55 feet to the Westerly boundary of said Lot 2; thence North 80° 00' East 294.00 feet; thence South 25° 02' 11" West 668.21 feet; thence South 62° 27' 28" West 320.05 feet to the point of beginning.

EXCEPT that portion of said land included within the lines of Lot 3 of Tract No. 13080, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2U:

Those portions of San Fernando Road, Art Street, and Peoria Street vacated by Resolution To Vacate recorded on May 15, 1986, as Instrument No. 86-606504, Official Records.

EXCEPT therefrom that portion of said San Fernando Road (vacated) lying Southeasterly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farndale Avenue), 60.00 feet wide, as shown on map of Tract No. 10643, recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County; thence North 3° 37' 48" East along the center line of said Tujunga Avenue 560.00 feet; thence North 86° 22' 12" West 30.00 feet to the Westerly line of said Tujunga Avenue; thence South 3° 37' 48" West along said Westerly line 911.88 feet to the True Point of Beginning; thence North 89° 53' 46" West 407.65 feet; thence North 44° 53' 46" West 295.00 feet; thence North 50° 25'

36° 11' 28" West 103.10 feet; thence South 34° 16' 03" West 169.07 feet;
thence South 41° 33' 37" West 233.44 feet; thence South 55° 54' 32" West
166.75 feet; thence South 60° 57' 12" West 130.65 feet; thence North 76° 22'
48" West 81.08 feet; thence South 54° 08' 42" West 99.31 feet to the
Northeasterly line of said San Fernando Road; thence South 48° 43' 31" West at
right angles to said Northeasterly line 60.00 feet to the Southwesterly line
of said San Fernando Road, said Southwesterly line also being the
Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet
wide.

DESCRIPTION

PARCEL 1:

The Northerly 50 feet of Lot 10 of Tract No. 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1A:

Lot 10 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northerly 50 feet thereof.

PARCEL 1B:

The Northerly 50 feet of Lot 11 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1C:

The Southeasterly 50 feet of Lot 8 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1D:

Lot 1, Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Page 49 of Maps, in the office of the County Recorder of said County.

PARCEL 1E:

The Northwesterly 50 feet of Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1F:

Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 50 feet thereof.



INTER OFFICE MEMORANDUM

TO

Distribution

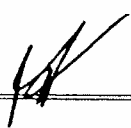
DATE

1/5/87

SUBJECT

Sale of Valley Reclamation Landfill

FROM

Brian W. Ferris 

FILE REF.

Title to the Valley Reclamation landfill was conveyed to Valley Reclamation Co. on December 31, 1987. The transaction was structured to qualify as a I.R.S. §1031 exchange. A legal description of the property involved is attached.

As a result of this transaction, \$12.9 Million in "exchange value" is available to CalMat Co. for acquisition of like-kind property. Such property must be identified within forty-five (45) days from the date of closing, and conveyed to CalMat within one hundred eighty (180) days of closing.

The assistance of George Cosby, Jock Scott, Tony Lucero and Anne Morris proved invaluable in bringing the buyer into a position to close by our deadline of December 31. Also, during a week which is extremely busy for title and escrow companies, Safeco Division of Chicago Title Insurance Company demonstrated its high regard for us as a client by keeping its offices open after hours, and working tenaciously on the morning and afternoon of December 31 to assure that our documents were recorded that afternoon.

Although Valley Reclamation Co., through its parent Waste Management, had agreed to deposit the purchase price in escrow on Wednesday, December 30, the funds were not in fact deposited until after 10:00 a.m. on December 31. Despite this problem, and the late hour of closing, Safeco was able to invest the funds for our accommodation seller over the weekend.

Distribution:

William Jenkins
A. Frederick Gerstell
Thomas M. Linden
Michael Kerstetter
Scott J Wilcott

George Cosby
Bob Craik
Rick Gallardo
Teri Maltese

DESCRIPTION

PARCEL 1:

The Northerly 50 feet of Lot 10 of Tract No. 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1A:

Lot 10 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northerly 50 feet thereof.

PARCEL 1B:

The Northerly 50 feet of Lot 11 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1C:

The Southeasterly 50 feet of Lot 8 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1D:

Lot 1, Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Page 49 of Maps, in the office of the County Recorder of said County.

PARCEL 1E:

The Northwesterly 50 feet of Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

PARCEL 1F:

Lot 7 of Tract 7979, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 131, Pages 49 and 50 of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 50 feet thereof.

DESCRIPTION

PARCEL 2:

Lots 6, 7, 9, 10, 11 and the Northeast one-half of Lot 8, all in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18, of Maps, in the office of the County Recorder of said County.

EXCEPT the Northwest 492.30 feet of said lots.

PARCEL 2A:

The Southwesterly half of Lot 8 in Block 13 of Los Angeles Land and Water Company's Subdivision, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the said Recorder of said County.

EXCEPT the Northwesterly 492.3 feet thereof.

PARCEL 2B:

Lots 18 to 24, inclusive, in Block 13 of Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street and Wicks Place as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT those portions of said Lots 21, 22, 23 and 24 included within the lines of Tract No. 10729, as per map recorded in Book 174, Page 36, of Maps, Records of said County.

PARCEL 2C:

The Southwesterly half of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2D:

The Northeasterly 155.25 feet of Lot 17 in Block 13 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2E:

Lots 1 and 2 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom a strip of land 10 feet wide in Lot 2, Easterly of and adjacent to the Westerly line of said Lot 2 from the Northeasterly line of the lot to a line 32 feet Northeasterly of and parallel with the Southwesterly line of said lot; thence continuing Southeasterly 10 feet wide Northeasterly of and adjacent to the above described parallel line to its intersection with Wicks Avenue.

PARCEL 2F:

Lot 3 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2G:

Lot 4 of Tract No. 26361, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 832, Pages 27 and 28 of Maps, in the office of the County Recorder of said County.

PARCEL 2H:

The Southwesterly 10 feet of Lot 1 of Tract No. 24119, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 629, Pages 21 and 22 of Maps, in the office of the County Recorder of said County.

PARCEL 2I:

Lots 1 and 2 of Tract No. 24119, as per map recorded in Book 629, Pages 21 and 22 of Maps, together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records and Lot 1 of Tract No. 38698, as per map recorded in Book 989, Pages 17 and 18 of Maps, all in the City of Los Angeles, County of Los Angeles, State of California, in the office of the County Recorder of said County.

EXCEPT therefrom the Southwesterly 10 feet and Westerly 10 feet of Lot 1 of Tract No. 24119.

PARCEL 2J:

All of Tract No. 10729, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 36 and 37, of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said Tract No. 10729 included within the lines of Tract No. 18542, as per map recorded in Book 551, Pages 5 and 6 of Maps, Records of said County.

PARCEL 2K:

Lot 1 of Tract No. 18542, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 551, Pages 5 and 6 of Maps, in the office of the County Recorder of said County.

PARCEL 2L:

Lots 7 and 8 in Block 16 of the Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included within the lines of Tract No. 10729, as per map recorded in Book 174, Pages 36 and 37 of Maps, Records of said County.

PARCEL 2M:

Lot 6 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

EXCEPT therefrom that portion thereof conveyed by the Fernando Valley Development Company to Los Angeles Land and Water Company, by deed recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2N:

Lot 5, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

Together with a portion of Wicks Street as vacated by Resolution To Vacate No. 85-01626, recorded on April 11, 1985, as Instrument No. 85-404554, Official Records.

PARCEL 2O:

Lots 16 and 17 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPTING therefrom those portions of said lots lying within the lines of Tract No. 10646, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County.

PARCEL 2P:

Lot 15 in Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

PARCEL 2Q:

Lots 1, 2 and 3 of Tract No. 13080, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2R:

Lot 13, Block 16 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County.

EXCEPT that portion of said land included with Art Street as dedicated on the map of Tract No. 13080.

PARCEL 2S:

That portion of Lot 3 in Block 18 of the Los Angeles Land and Water Company's Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 3, Pages 17 and 18 of Maps, in the office of the County Recorder of said County, lying Northwesterly of the Northwesterly boundary line of the land first described in Parcel 2 of the deed to the Los Angeles Land and Water Company, recorded in Book 5889, Page 190 of Deeds, Records of said County.

PARCEL 2T:

That portion of Lot 2 of Tract 10646, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County included within the following described boundaries:

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2 shown on the map of said Tract No. 10646 as having a bearing and length of "North 26° 02' 30" East 634.74 feet," thence along said Westerly boundary as follows: North 26° 02' 30" East 634.74 feet, North 0° 37' 30" West 54.39 feet and North 41° 22' West 38.99 feet to an angle point in said Westerly boundary; thence along the Northwesterly prolongation of the last mentioned courses North 41° 22' West 20.00 feet to the center line of said Peoria Street; thence along said centerline North 48° 38' 20" East 50.55 feet to the Westerly boundary of said Lot 2; thence North 80° 00' East 294.00 feet; thence South 25° 02' 11" West 668.21 feet; thence South 62° 27' 28" West 320.05 feet to the point of beginning.

EXCEPT that portion of said land included within the lines of Lot 3 of Tract No. 13080, as per map recorded in Book 253, Page 36 of Maps, in the office of the County Recorder of said County.

PARCEL 2U:

Those portions of San Fernando Road, Art Street, and Peoria Street vacated by Resolution To Vacate recorded on May 15, 1986, as Instrument No. 86-606504, Official Records.

EXCEPT therefrom that portion of said San Fernando Road (vacated) lying Southeasterly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide, with the center line of Tujunga Avenue (formerly Farmdale Avenue), 60.00 feet wide, as shown on map of Tract No. 10643, recorded in Book 174, Pages 34 and 35 of Maps, in the office of the County Recorder of said County; thence North 3° 37' 48" East along the center line of said Tujunga Avenue 560.00 feet; thence North 86° 22' 12" West 30.00 feet to the Westerly line of said Tujunga Avenue; thence South 3° 37' 48" West along said Westerly line 911.88 feet to the True Point of Beginning; thence North 89° 53' 46" West 407.65 feet; thence North 44° 53' 46" West 295.00 feet; thence North 50° 25' 46" West 120.23 feet; thence North 42° 40' 49" West 234.79 feet; thence South

36° 11' 28" West 103.10 feet; thence South 34° 16' 03" West 169.07 feet; thence South 41° 33' 37" West 233.44 feet; thence South 55° 54' 32" West 166.75 feet; thence South 60° 57' 12" West 130.65 feet; thence North 76° 22' 48" West 81.08 feet; thence South 54° 08' 42" West 99.31 feet to the Northeasterly line of said San Fernando Road; thence South 48° 43' 31" West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of said San Fernando Road, said Southwesterly line also being the Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

DESCRIPTION

PARCEL 3-

That portion of Lot 2 of Tract 10646 in the City of Los Angeles, County of Los Angeles, State of California as shown on map filed in Book 174 Pages 34 and 35, of Maps in the office of the Recorder of the County of Los Angeles and that portion of San Fernando Road vacated by Resolution to Vacate No. 86-21499 of the City of Los Angeles recorded May 15 1926 as Instrument No. 86-606504 of Official Records of said County lying Northerly of the following described line:

Commencing at the intersection of the center line of Bradley Avenue, 60.00 feet wide with the center line of Tujunga Avenue (formerly Farndale Avenue) 60.00 feet wide as shown on said map thence North $3^{\circ} 37' 48''$ East along the center line of said Tujunga Avenue 560.00 feet thence North $86^{\circ} 22' 12''$ West 30.00 feet to the Westerly line of said Tujunga Avenue thence South $3^{\circ} 37' 48''$ West along said Westerly line 911.88 feet to the True Point of Beginning thence North $80^{\circ} 53' 46''$ West 407.65 feet thence North $44^{\circ} 52' 46''$ West 295.00 feet thence North $50^{\circ} 25' 46''$ West 120.23 feet thence North $42^{\circ} 40' 49''$ West 234.75 feet thence South $36^{\circ} 11' 28''$ West 103.10 feet thence South $34^{\circ} 16' 03''$ West 169.07 feet thence South $41^{\circ} 33' 37''$ West 233.44 feet thence South $55^{\circ} 54' 32''$ West 166.75 feet thence South $60^{\circ} 57' 12''$ West 130.65 feet thence North $76^{\circ} 22' 49''$ West 81.02 feet thence South $54^{\circ} 08' 42''$ West 99.31 feet to the Northeasterly line of said San Fernando Road, thence South $48^{\circ} 43' 31''$ West at right angles to said Northeasterly line 60.00 feet to the Southwesterly line of said San Fernando Road, said Southwesterly line also being the Northeasterly line of the Southern Pacific Railroad Right-of-Way, 100.00 feet wide.

EXCEPT therefrom that portion of said San Fernando Road lying Northwesterly of the Southwesterly prolongation of the Southeastery line of Peoria Street, 40.00 feet wide as shown on said map.

ALSO EXCEPTING that portion of said Lot 2 included within the following described boundaries

Beginning at the Southwesterly terminus of that certain course in the Westerly boundary of said Lot 2, shown on the map of said Tract No. 10646, as having a bearing and length of North $26^{\circ} 02' 30''$ East 634.74 feet thence along said Westerly boundary as follows North $26^{\circ} 02' 30''$ East 634.74 feet North $0^{\circ} 37' 30''$ West 54.39 feet and North $41^{\circ} 22' 00''$ West 38.99 feet to an angle point in said Westerly boundary thence along the Northwesterly prolongation of said last mentioned course North $41^{\circ} 22' 00''$ West 20.00 feet to the centerline of Peoria Street as shown on said map thence along said centerline, North $48^{\circ} 38' 20''$ East 50.55 feet to the Westerly boundary of said Lot 2 thence North $80^{\circ} 00' 00''$ East 294.00 feet thence South $25^{\circ} 02' 11''$ West 668.21 feet thence South $62^{\circ} 27' 28''$ West 320.05 feet to the point of beginning.



SAFECO TITLE
INSURANCE COMPANY

Office 3700 Wilshire Blvd. #11
Los Angeles, CA 90010
(213) 385-0700

DATE 1/5/88

ESCROW 87-66270-1

- CalMat Co.
- 3200 San Fernando Raod
- Los Angeles, CA 90051
- Attn: George Cosby

PROPERTY Bradley Landfill Site, L.A. County - Parcel I

We enclose the following:

1. Itemized Clsoing Statement.
2. Copy of Assignment of Leases (executed without dates).
3. Copy of Bill of Sale.
4. Copy of Assignment of Service Contracts, etc.
5. Copy of Estoppel Certificate.

If you have any questions or require additional information
please contact this office and reference the above escrow
number.

Jorggi Delaney
for
BONNIE L. KLEIN
ESCROW OFFICER



SAFECO TITLE
INSURANCE COMPANY

Office 3700 Wilshire Blvd. #1
Los Angeles, CA 9001
(213) 385-0700

DATE 1/15/88

ESCROW 87-66268-1
87-66269-1
87-66270-1

Century 21-Dally Realty
Attn: Hal Dally
9052 Sunland Blvd.
Sun Valley, CA 91352

PROPERTY

CalMat/Valley Reclamation

We enclose the following:

1. Original letter to Mecum Enterprises.
2. Original letter to Juan Marin.
3. Original letter to Armen Ornamental Iron Works.

Per our telephone conversation this date please find the above letters.
It is my understanding that you will handle notifying these people/
businesses as to the change of ownership of their rental property.

Please contact this office and reference the above escrow numbers if
you encounter any problems.

Thank you for your attention/assistance in this matter.

A handwritten signature in cursive script that reads 'Jorggi Delaney'.

Jorggi Delaney
Escrow Department
National Marketing
800 Department

cc: Calmat Co., Brian Ferris

January 5, 1988

TO: Mecum Enterprises

RE: Sale of 9233 Ralston Avenue, Sun Valley, CA (2 lots)

CALMAT CO., a Delaware corporation is pleased to announce the sale of the two lots described as 9233 Ralston Avenue, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1988.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to Valley Reclamation Co. and mailed for receipt at the time required by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any matter relating to your lease should be sent to Valley Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

January 5, 1988

TO: Juan Marin

RE: Sale of 9234 Sutter, Sun Valley, CA

CALMAT CO., a Delaware corporation is pleased to announce the sale of 9234 Sutter, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1988.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to Valley Reclamation Co. and mailed for receipt at the time required by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any matter relating to your lease should be sent to Valley Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

January 5, 1988

TO: Armen Ornamental Iron Works

RE: Sale of 9229 Ralston Avenue, Sun Valley, CA

CALMAT CO., a Delaware corporation is pleased to announce the sale of 9229 Ralston Avenue, Sun Valley, California to VALLEY RECLAMATION CO., a California corporation, on December 31, 1988.

Please note the following important change in rent payment and notice procedure. Rents and all other charges due under your lease should be made payable to Valley Reclamation Co. and mailed for receipt at the time required by your lease addressed as follows:

Valley Reclamation Co.
c/o Waste Management of North America, Inc.
3001 Butterfield Road
Oakbrook, Illinois 60521
Attn: Michael Slattery, Esq.

All notice from you to the landlord concerning any matter relating to your lease should be sent to Valley Reclamation Co. at the foregoing address.

Very truly yours,

CALMAT CO.,
a Delaware corporation

✓

CalMat Co

P. O. BOX 2850, LOS ANGELES, CALIFORNIA 90051 (213) 258-2777
3200 SAN FERNANDO ROAD, LOS ANGELES, CALIFORNIA 90065



December 22, 1987

By Professional Express

Ms. Bonnie Klein
Escrow Officer
Safeco Title Insurance Company
3700 Wilshire Blvd., Ste. 101
Los Angeles, CA 90010

Re: Valley Reclamation Co. Purchase of Bradley
Landfill Site
Parcel 1 - Your Escrow No. 87-662270-1
Parcel 2 - Your Escrow No. 87-662269-1
Parcel 3 - Your Escrow No. 87-662268-1

Dear Ms. Klein:

In connection with our letter of December 14th wherein we sent you copies of the three Agreements and Joint Escrow Instructions for Parcels 1, 2 and 3, we are enclosing herewith copies of the First to Sixth Amendments to those Agreements which we inadvertently omitted.

Should we be of any further assistance, please do not hesitate to give me a call.

Very truly yours,

Scott J Wilcott
Senior Vice President
Legal Counsel and Secretary

Enclosures: Agreements and Joint Escrow Instructions
together with First to Sixth Amendments to
the Agreements for Parcels 1, 2 and 3.

SJW/mn

cc: Dan Jordan, w/o enclosures

CalMat Co

P. O. BOX 2950, LOS ANGELES, CALIFORNIA 90051 (213) 258-2777
3200 SAN FERNANDO ROAD, LOS ANGELES, CALIFORNIA 90065



December 18, 1987

Ms. Bonnie Klein
Escrow Officer
Safeco Title Insurance Company
3700 Wilshire Blvd., Ste. 101
Los Angeles, CA 90010

Re: Valley Reclamation Co. Purchase of Bradley
Landfill Site
Parcel 1 - Your Escrow No. 87-662270-1
Parcel 2 - Your Escrow No. 87-662269-1
Parcel 3 - Your Escrow No. 87-662268-1

Dear Ms. Klein:

I am enclosing two Estoppel Certificates to be included in the files of the above referenced escrows (Parcels 1 and 2). The lease with Livingston-Graham is for property which is part of each of these parcels.

Please also be advised that the Notices to Tenants Juan Marin, Mecum Enterprises and Arman Ornamental Ironworks, the addresses of which were left in blank, can be filled in with the following confirmed mailing addresses:

Juan Marin
10074 Sunland Blvd.
Sunland, CA 91040

Mecum Enterprises, Inc.
1135 Century Dr., #F
Walnut, CA 92789

Armen Ornamental Iron Works
3734 San Fernando Road
Glendale, CA 91204

Please let me know if I can be of any further assistance.

Very truly yours,

Anne Morris
Attorney

AM:ac
Encl.
cc: Dan Jordan



Livingston-Graham, Inc.

16080 Arrow Highway, Irwindale, California 91706-0943

Telephones (213) 681-7101 • (818) 960-5471

December 17, 1987

Mr. Scott J. Wilcott
Senior Vice President
Legal Counsel and Secretary
CalMat Company
3200 San Fernando Road
Los Angeles, California 90065

DEC 1 1987

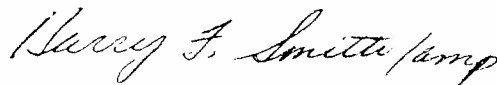
LEGAL DEPT.
CALMAT CO.

Re: Lease Dated June 1, 1983 between Conrock
Co. - Livingston-Graham, Inc. - Sun
Valley

Dear Mr. Wilcott:

The attached signed Estoppel Certificate
is returned per your request.

Very truly yours,



Harry F. Smith
Director of Property

HFS:amp

Enclosure

ESTOPPEL CERTIFICATE

The undersigned, as Lessee, under that certain Lease dated June 1, 1983, by and between Lessee and Conrock Co. as Lessor, for the premises located at (see the topographical map attached as Exhibit "A" hereto) known herein as (the "Premises"), hereby certifies as follows:

(1) That Lessee has entered into occupancy of, and occupies the Premises.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way.

(3) That the Lease represents the entire agreement between the parties as to said leasing.

(4) That the commencement date of the Lease is June 1, 1983.

(5) That the termination date of the Lease is not less than eight (8) years but no more than fifteen (15) years from the commencement date.

(6) That monthly rent for the Premises is \$100.00.

(7) That monthly rent and other charges under the Lease are paid to December 31, 1987.

(8) That the following deposits have been paid by Lessee to Lessor: (i) Security Deposit \$ none; (ii) Advance Rental \$ none; (iii) Key Deposit \$ none; (iv) Sign Deposit \$ none.

(9) That all conditions of the Lease to be performed by Lessor and necessary to the enforceability of the Lease have been satisfied.

(10) That there are no defaults by either Lessor or Lessee under the Lease.

(11) That there are no options in the Lease.

(12) That on this date there are no existing defenses or offsets which Lessee has against the enforcement of the Lease by Lessor.

(13) Lessee hereby waives Lessee's right of first refusal as contained in the Lease. None.

EXECUTED THIS 16th DAY OF DECEMBER, 1987.

"LESSEE"

LIVINGSTON-GRAHAM, INC.

By:

Roguel Surpin
President

SAFECO



SAFECO TITLE INSURANCE COMPANY
NATIONAL MARKETING 800
3700 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90010

(213) 385-0700
(800) 523-6613 Within CA
(800) 228-1859 Outside CA

Dec. 17, 1987

RECEIVED

DEC 17 1987

CalMat Co.
3200 San Fernando Road
Los Angeles, CA. 90051

LEGAL DEPT.
CALMAT CO.

Attn: Mr. S.J. Wilcott

Re: Escrow No.,s 87-66268/69/70-1
CalMat Co./Valley Reclamation Co.
Bradley Landfill Site

Dear Mr. Wilcott:

Enclosed please find the Contract Acceptance Letter general provisions for the above referenced escrows. If these meet with your approval, please sign and return at your earliest convenience.

Please let me know if there is anything further you require at this time.

Please do not hesitate to call me if you have any questions or problems.

Thank you.

Sincerely,

Bonnie L. Klein, Escrow Officer
National Marketing 800 Dept.

encls.
bk/bk



9228 Tujunga Ave.

105. Grant Deed of Real Property from John Gregg to California Materials Company May 3, 1949
106. Grant Deed of Real Property to California Portland Cement Company, February 9, 1962
107. Quit Claim Deed of Bancroft Associates to California Portland Cement Company, January 14, 1964
108. Amendment to Lease between California Portland Cement Company and Insurance Salvage Service, Incorporated, March 18, 1981
109. Lease between California Portland Cement Company and A-1 Scrap, Incorporated, May 12, 1981
110. Second Amendment to Lease between California Portland Cement Company and Insurance Salvage Service, June 24, 1981
111. Lease between California Portland Cement and Paul V. Psik, February 1, 1982
112. Sublease between Conrock and Pick Your Part, July 27, 1982
113. Lease between AGOP Berghoudian and Paul V. Psik February 15, 1983
114. Assignment of Lease between Agop Berghoudian and Paul V. Psik, A-1 Scrap, June 21, 1984
115. Purchase of Gregg Landfill, Incomplete Lease Files, Dated March 21, 1989
116. Lease Termination of A-1 Scrap by Cal Mat Company Effective December 31, 1992
117. New Lease Agreement between Cal Mat and Pick Your Part Auto Wrecking, January 1, 1993
118. Assignment of Buyers Rights to Acquire Real Property between Pick Your Part Auto Wrecking and Cal Mat Properties, August 21, 2001
119. Amendment to Purchase and Sale Agreement and Joint Escrow Instructions for Cal Mat Land Company and Pick Your Part Auto Wrecking, October 24, 2001
120. Internal Memorandum Documenting Sale of Parcel 2538-010-002 to Pick Your Part, Effective April 1, 2002

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

TITLE INSURANCE AND TRUST COMPANY, a corporation organized under the laws of the State of California, does hereby

GRANT to CALIFORNIA MATERIALS COMPANY, a corporation

the real property in the County of Los Angeles, State of California, described as:

PARCEL 1. The northeasterly two acres of lot 18 in block 14 of the Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 2. (Lots 4, 5, 6, 7, 8, 9, 15, 17, 18, 19, 20, 21 and 22 in block 17 of the Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 3. All that portion of lot 14 in block 17 of the Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county, described as follows:

Beginning at the southwesterly corner of said lot 14; thence northeasterly along the southerly line of said lot, 248 feet to the point of beginning; thence northwesterly parallel with the easterly line of said lot, 180 feet; thence northeasterly parallel with the southerly line of said lot, 62.5 feet to the easterly line of said lot; thence southeasterly along the easterly line of said lot, 180 feet; thence southwesterly along the southerly line of said lot, 62.5 feet to the point of beginning.

✓ PARCEL 4. The southeasterly 90 feet of the northwesterly 371.4 feet of lot 14 in block 17 of Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

EXCEPT the northwesterly 40 feet of the southwesterly 155 feet thereof.

✓ PARCEL 5. The southeasterly 100 feet of the northwesterly 371.4 feet of lot 14, block 17 of Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.



✓ PARCEL 6. The southwesterly 185.50 feet of lot 14 in block 17 of Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

EXCEPTING therefrom the northwesterly 521.40 feet thereof.

✓ PARCEL 7. The northeasterly half of lot 16 in block 17 of the Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3, pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 8. The southwesterly 155.25 feet of lot 16 in block 17 of Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 9. Lots 1, 2, 4, 13 and 14 in block 19 of Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3, pages 17 and 18 of Maps in the office of the county recorder of said county.

Subject to unpaid taxes, assessments, easements, covenants, conditions, reservations, restrictions and rights of way of record.

IN WITNESS WHEREOF, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its Vice President and Asst. Secretary thereunto duly authorized.

Dated: May 3, 1949

TITLE INSURANCE AND TRUST COMPANY,
By [Signature] Vice President
By [Signature] Assistant Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On May 3, 1949,
before me, the undersigned, a
Notary Public in and for said
County and State, personally
appeared E. H. Booth, Jr.,
known to me to be the Vice President,
and H. L. Sheldon,
known to me to be the Assistant
Secretary of the corporation that
executed the within instrument on
behalf of the corporation therein
named, and acknowledged to me that
such corporation executed the same.
WITNESS my hand and official seal.



*date 12-84
Calif. Records*

BOOK 30007 PAGE 84

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

JOHN D. GREGG and LUCELA C. GREGG, husband and wife, do hereby
GRANT to CALIFORNIA MATERIALS COMPANY, a corporation
the real property in the County of Los Angeles, State of California,
described as:

✓ PARCEL 1. Lots 1 to 10 inclusive, of Tract No. 9329, in
the City of Los Angeles, County of Los Angeles, State of
California, as per map recorded in book 179 pages 9 and 10
of Maps in the office of the county recorder of said county.

✓ PARCEL 2. All of lot 2 in block 17 of the Los Angeles Land
and Water Company's Subdivision of part of the Maclay
Rancho, in the City of Los Angeles, County of Los Angeles,
State of California, as per map recorded in book 3 pages 17
and 18 of Maps in the office of the county recorder of
said county.

EXCEPT therefrom that portion thereof described as follows:

Beginning at the most southerly corner of said lot 2; thence
North 48° 38' East along the southeasterly line thereof
310.5 feet to the most easterly corner of said lot 2; thence
North 41° 22' West along the nor' easterly line thereof
140.28 feet; thence South 48° East 310.5 feet to the
southwesterly line of said lot 2; thence South 41° 22' East
along the said southwesterly line 140.28 feet to the point
of beginning.

✓ PARCEL 3. The southwest 170 feet of the northeasterly
170 feet of the northwest 280 feet of lot 3 in block 17
of the Los Angeles Land & Water Company's Subdivision of a
part of the Maclay Rancho, in the City of Los Angeles, County
of Los Angeles, State of California, as per map recorded
in book 3 pages 17 and 18 of Maps in the office of the county
recorder of said county.

✓ PARCEL 4. The southeasterly 50 feet of the northwesterly
421.40 feet of lot 14 in Block 17 of the Los Angeles Land
and Water Company's Subdivision of part of the Maclay Rancho
in the City of Los Angeles, County of Los Angeles, State of
California, as per map recorded in book 3 pages 17 and 18
of Maps in the office of the county recorder of said county.

✓ PARCEL 5. All of lot 14 in block 17 of Los Angeles Land &
Water Company's Subdivision of part of the Maclay Rancho, in
the City of Los Angeles, County of Los Angeles, State of
California, as per map recorded in book 3, page 17 of Maps in
the office of the county recorder of said county.

EXCEPT therefrom the northwesterly 521.40 feet.

ALSO EXCEPT from the remainder the southwesterly 185.50 feet
and the northeasterly 62.5 feet thereof.



-1-



✓ PARCEL 6. Lots 12 and 24 in block 18 of Los Angeles Land and Water Company's Subdivision, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 7. The southeast 140 feet of the northwest 421.4 feet of lot 15 in block 19 of Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 8. The southeast 140 feet of the northwest 281.4 feet of lot 15 in block 19 of Los Angeles Land & Water Company's Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 9. The southwesterly 155.25 feet of lot 15 in block 19 of Los Angeles Land and Water Co.'s Subdivision of a part of Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

EXCEPT therefrom the northwesterly 421.4 feet thereof.

✓ PARCEL 10. The northwesterly 141.40 feet of lot 15 in block 19 of Los Angeles Land and Water Co.'s Subdivision of a part of the Maclay Rancho in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county.

✓ PARCEL 11. All that portion of lot 16 in block 19 of Los Angeles Land and Water Co.'s Subdivision of a part of the Maclay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 3 pages 17 and 18 of Maps in the office of the county recorder of said county, bounded and described as follows:

Beginning at the most westerly corner of said lot 16; thence northeasterly along the northwesterly line of said lot 16, to the most northerly corner thereof; thence southeasterly along the northeasterly line of said lot 16, a distance of 40 feet; thence southwesterly parallel to the northwesterly line of said lot 16, to a line parallel with and distant 230 feet northeasterly measured at right angles from the southwesterly line of said lot 16; thence southerly along a curve concave to the east tangent to said line which is parallel to said northwesterly line of said lot 16, and having a radius of 180 feet, an arc distance of 282.74 feet to a point of tangency in a line which is parallel with and distant 50 feet northeasterly, measured at right angles from the southwesterly line of lot 16; thence southeasterly along said last mentioned parallel line to the southeasterly line of

BOOK 30007 PAGE 86

said lot 16; thence southwesterly along said southeasterly line, 50 feet to the most southerly corner of said lot 16; thence northwesterly along the southwesterly line of said lot 16, to the point of beginning.

Subject to unpaid taxes, assessments, easements, covenants, conditions, reservations, restrictions and rights of way of record.

Dated: April 29, 1949.

John D. Gregg
Lucela C. Gregg

STATE OF CALIFORNIA) ss.
COUNTY OF LOS ANGELES)

On April 29 1949,
before me, the undersigned, a
Notary Public in and for said
County and State, personally
appeared JOHN D. GREGG and
LUCELA C. GREGG, husband and
wife, known to me to be the persons
whose names are subscribed to the
within instrument and acknowledged that
they executed the same.
WITNESS my hand and official seal.

Rosette Scaggs
Notary Public in and for said County
and State.

NOTARY PUBLIC
In and for the County of Los Angeles, State of California
My Commission Expires April 1, 1950

BOOK 30007 PAGE 86
RECORDED AT REQUEST OF
TITLE INSURANCE & TRUST CO.

MAY 5 1949 AT 8 A.M.
BOOK 30007 PAGE 84
IN OFFICIAL RECORDS
County of Los Angeles, California
FEE \$ 2.80
NAME B. BEATTY, County Recorder
By A. Hansen Deputy

780/15 M

5697

GRANT DEED

Int. Rev. Doc. Stamps to be aff
ed after Deed is returned by
County Recorder.

BOOK D1512 PAGE 4

FEE
\$2.80
2W

FOR TEN DOLLARS (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, SECURITY FIRST NATIONAL BANK, a national banking association, hereby grants all of its right, title and interest in and to the following real property, all of which is located in Los Angeles County, California, to CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation:

Lots 1, 2, 3, 4, 5 and 7 of Tract No. 9329, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 179 pages 9 and 10 of Maps, in the office of the county recorder of said county.

SUBJECT TO all easements, covenants, conditions, restrictions and encumbrances of record.

DATED February 9TH, 1962.

SECURITY FIRST NATIONAL BANK

By

Vice President

By

Assistant Secretary

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CALIF.

46 Min. 1 P.M. FEB 14 1962
Past

RAY E. LEE, County Recorder

STATE OF CALIFORNIA


COUNTY OF LOS ANGELES

ss.

On February 9, 1962, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Ray M. Burtis, known to me to be the Vice President, and E. O. MacNeill, known to me to be the Assistant Secretary of SECURITY FIRST NATIONAL BANK, the national banking association that executed

the within instrument, known to me to be the persons who executed the within instrument, on behalf of the national banking association therein named, and acknowledged to me that such national banking association executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Mayorie L. Gurne

Notary Public in and for said
County and State

My Commission Expires: 4-1-65

RECORDING
REQUESTED BY

WALLACE K. DOWNEY,
ATTORNEY AT LAW
612 SOUTH FLOWER STREET
LOS ANGELES 17, CALIF.

GRANT DEED

Grant Deed No. 3703,
Recorded in Book D1485, Page
824, Official Records of
Los Angeles County, Calif.

The undersigned, L. E. BANCROFT, and EVELYN H. BANCROFT,
his wife, grant to SECURITY FIRST NATIONAL BANK, a national
banking association, all of their right, title and interest
in and to the real property in the County of Los Angeles,
State of California, described as follows:

PARCEL 1:

Lots 1 to 10 inclusive of Tract No. 9329, in the
city of Los Angeles, county of Los Angeles, state
of California, as per map recorded in book 179
pages 9 and 10 of Maps, in the office of the county
recorder of said county.

PARCEL 2:

Lots 1 to 9 inclusive and Lots 15 to 22 inclusive
in Block 17 of the Los Angeles Land and Water
Company's Subdivision of a part of the Maclay Rancho,
in the city of Los Angeles, county of Los Angeles,
state of California, as per map recorded in book 3
pages 17 and 18 of Maps, in the office of the county
recorder of said county.

PARCEL 2A:

Also that portion of Block 17 of the Los Angeles Land
and Water Co.'s Subdivision of a part of the Maclay
Rancho, in the City of Los Angeles, County of Los Angeles,
State of California, recorded in Book 3, Pages 17 and 18 of
Recorder of said County office of the County
described as follows: the parcel of land

Beginning at the most southerly corner of Tract No.
6430 as shown on map recorded in Book 70, Pages 18
and 19 of Maps in the office of said County Recorder;

1/12/62

1/12/62

thence South 41° 22' east along the southeasterly prolongation of the southwesterly line of said Tract No. 6430 (said line being parallel with the center line of Glenoaks Boulevard and distant northeasterly 2814.50 feet at right angles therefrom) a distance of 702.12 feet, more or less, to the southeasterly line of Lot 22 of said Block 17; thence north 48° 37' 45" east along a prolongation of said southeasterly line 8.64 feet to a point; thence north 42° 04' 18" west in a direct line 702.17 feet, more or less, to the point of beginning.

PARCEL 3:

All of Lot 14 in Block 17 of the Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT the southeasterly 40 feet of the southwesterly 155 feet of the northwesterly 321.4 feet thereof.

ALSO EXCEPT the northwesterly 140 feet of the southeasterly 560 feet.

PARCEL 4:

Lots 1, 2, 4, 13, 14, 15 in Block 19 of Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

PARCEL 5:

All that portion of Lot 16 in Block 19 of Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county, bounded and described as follows:

Beginning at the most westerly corner of said Lot 16; thence northeasterly along the northwesterly line of

said Lot 16, to the most northerly corner thereof; thence southeasterly along the northeasterly line of said Lot 16, a distance of 40 feet; thence southwesterly parallel to the northwesterly line of said Lot 16, to a line parallel with and distant 230 feet northeasterly, measured at right angles from the southwesterly line of said lot 16; thence southerly along a curve concave to the east tangent to said line which is parallel to said northwesterly line of said Lot 16, and having a radius of 180 feet, an arc distance of 282.74 feet to a point of tangency in a line which is parallel with and distant 50 feet northeasterly, measured at right angles from the southwesterly line of Lot 16; thence southeasterly along said last mentioned parallel line to the southeasterly line of said Lot 16; thence southwesterly along said southeasterly line, 50 feet to the most southerly corner of said Lot 16; thence northwesterly along the southwesterly line of said Lot 16, to the point of beginning.

PARCEL 6:

That portion of Lot 4 in Block 14 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county, lying easterly of the easterly line of Tract No. 10627, as per map recorded in book 170 pages 24 to 28 inclusive of Maps, in said county recorder's office.

PARCEL 7:

That portion of Lot 5 in Block 14 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county, described as follows:

Beginning at the most easterly corner of said Lot 5 in Block 14; thence along the northeasterly line of said Lot 5, North $41^{\circ} 22'$ West 208.54 feet, more or less, to the southeasterly line of the 150 foot strip of land described in the deed to the City of Los Angeles, recorded in book 16884 page 65 of Official Records of said county; thence along said southeasterly line South $48^{\circ} 38'$ West to the easterly line of Tract No. 10627 as per map recorded in book 170 pages 24 to 28

inclusive of Maps, in the office of the county recorder of said county; thence southerly along said easterly line to the southwesterly line of said Lot 5; thence along said southwesterly line South $41^{\circ} 22'$ East to the most southerly corner of said Lot 5; thence along the southeasterly line of said Lot 5, North $48^{\circ} 38'$ East 310.5 feet to the point of beginning.

PARCEL 8:

Lot 15 in Tract 10627, in the city and county of Los Angeles, state of California, as per map recorded in book 170 page 24 et seq. of Maps, in the office of the county recorder of said county.

PARCEL 9:

The northeasterly 155 feet measured along the southeasterly line of Lot 15 in Block 14 of the Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 page 17 of Maps, in the office of the county recorder of said county.

EXCEPT that portion thereof conveyed by the Fernando Valley Development Co., to the Los Angeles Land and Water Company by deed dated June 11, 1914 recorded in book 5889 page 190 of Deeds.

PARCEL 10:

Lot 16 in Block 14 of the Los Angeles Land and Water Company's Subdivision of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT the southwest 80 feet of the southeast 250 feet.

ALSO EXCEPT from the remainder the northeasterly 2 acres, the southwesterly line of said northeasterly 2 acres, being parallel with the northeasterly line of said lot.

ALSO EXCEPT from the remainder that part thereof, conveyed by the Fernando Valley Development Company, to the Los Angeles Land and Water Company, by deed recorded

in book 5889 page 190 of Deeds.

PARCEL 10A:

the northeasterly 68.5 feet of Lot 16 in Block 14 of the Los Angeles Land & Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPTING therefrom that part thereof conveyed by the Fernando Valley Development Company to the Los Angeles Land and Water Company, by deed recorded in book 5889 page 190 of Deeds.

PARCEL 11:

Lot 17 in Block 14 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT the southwesterly 235 feet of the southeasterly 225 feet thereof.

ALSO EXCEPT that portion conveyed by Fernando Valley Development Company to Los Angeles Land and Water Company, by deed recorded September 15, 1914 in book 5889 page 190 of Deeds, Records of said county.

PARCEL 12:

Lots 18, 19 and the southwesterly 124.2 feet of Lot 20 in Block 14 of Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

PARCEL 13:

Lots 12 and 24 in Block 18 of Los Angeles Land and Water Company's Subdivision, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county,

including, but not limited to, all of Grantors' interest as Lessor under any and all leases affecting said property or any parts thereof.

SUBJECT TO all easements, covenants, conditions, restrictions and encumbrances of record.

DATED: January 12, 1962.

L. E. BANCROFT

L. E. BANCROFT

EVELYN H. BANCROFT

EVELYN H. BANCROFT

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

On January 15th, 1962, before me, the undersigned, a Notary Public in and for said County and State, personally appeared L. E. BANCROFT and EVELYN H. BANCROFT, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.

ARLENE SHOAF

Notary Public in and for said
County and State

My Commission Expires Oct. 14, 1962

NOTARIAL
SEAL

GRANT DEED

For Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, BANCROFT ASSOCIATES, a California corporation, hereby grants to L. E. BANCROFT, of Los Angeles, California, and SECURITY FIRST NATIONAL BANK, a national banking association, the following described real property in the County of Los Angeles, State of California:

PARCEL 1:

Lots 1 to 10 inclusive of Tract No. 9329, in the city of Los Angeles, county of Los Angeles, state of California, as per pages 9 and 10 of Maps, recorder of said county, book 179 of the county

1/11/62

PARCEL 2:

Lots 1 to 9 inclusive and Lots 15 to 22 inclusive in Block 17 of the Los Angeles Land and Water Company's Subdivision of a part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in Book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

PARCEL 2A:

Also that portion of Block 17 of the Los Angeles Land and Water Co.'s Subdivision of a part of the MacLay Rancho, in the City of Los Angeles, County of Los Angeles, State of California, as shown on map recorded in Book 3, Pages 17 and 18 of maps in the office of the County Recorder of said County lying within the parcel of land described as follows:

Beginning at the most southerly corner of Tract No. 6430 as shown on map recorded in Book 70, Pages 18 and 19 of Maps in the office of said County Recorder;

1/13/62

thence South 41° 22' east along the southeasterly prolongation of the southwesterly line of said Tract No. 6430 (said line being parallel with the center line of Glenoske Boulevard and distant northeasterly 2814.50 feet at right angles therefrom) a distance of 702.12 feet, more or less, to the southeasterly line of Lot 22 of said Block 17; thence north 48° 37' 45" east along a prolongation of said southeasterly line 8.64 feet to a point; thence north 42° 04' 18" west in a direct line 702.17 feet, more or less, to the point of beginning.

PARCEL 3:

All of Lot 14 in Block 17 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT the southeasterly 40 feet of the southwesterly 155 feet of the northwesterly 321.4 feet thereof.

ALSO EXCEPT the northwesterly 140 feet of the southeasterly 560 feet.

PARCEL 4:

Lots 1, 2, 4, 13, 14, 15 in Block 19 of Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

PARCEL 5:

All that portion of Lot 16 in Block 19 of Los Angeles Land and Water Company's Subdivision of a part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county, bounded and described as follows:

Beginning at the most westerly corner of said Lot 16; thence northeasterly along the northwesterly line of

said Lot 16, to the most northerly corner thereof; thence southeasterly along the northeasterly line of said Lot 16, a distance of 40 feet; thence southwesterly parallel to the northwesterly line of said Lot 16, to a line parallel with and distant 230 feet northeasterly, measured at right angles from the southwesterly line of said lot 16; thence southerly along a curve concave to the east tangent to said line which is parallel to said northwesterly line of said Lot 16, and having a radius of 180 feet, an arc distance of 282.74 feet to a point of tangency in a line which is parallel with and distant 50 feet northeasterly, measured at right angles from the southwesterly line of Lot 16; thence southeasterly along said last mentioned parallel line to the southeasterly line of said Lot 16; thence southwesterly along said southeasterly line, 50 feet to the most southerly corner of said Lot 16; thence northwesterly along the southwesterly line of said Lot 16, to the point of beginning.

PARCEL 6:

That portion of Lot 4 in Block 14 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county, lying easterly of the easterly line of Tract No. 10627, as per map recorded in book 170 pages 24 to 28 inclusive of Maps, in said county recorder's office.

PARCEL 7:

That portion of Lot 5 in Block 14 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county, described as follows:

Beginning at the most easterly corner of said Lot 5 in Block 14; thence along the northeasterly line of said Lot 5, North $41^{\circ} 22'$ West 208.54 feet, more or less, to the southeasterly line of the 150 foot strip of land described in the deed to the City of Los Angeles, recorded in book 16884 page 65 of Official Records of said county; thence along said southeasterly line South $48^{\circ} 38'$ West to the easterly line of Tract No. 10627 as per map recorded in book 170 pages 24 to 28

inclusive of Maps, in the office of the county recorder of said county; thence southerly along said easterly line to the southwesterly line of said Lot 5; thence along said southwesterly line South $41^{\circ} 22'$ East to the most southerly corner of said Lot 5; thence along the southeasterly line of said Lot 5, North $48^{\circ} 38'$ East 310.5 feet to the point of beginning.

PARCEL 8:

Lot 15 in Tract 10627, in the city and county of Los Angeles, state of California, as per map recorded in book 170 page 24 et seq. of Maps, in the office of the county recorder of said county.

PARCEL 9:

The northeasterly 155 feet measured along the southeasterly line of Lot 15 in Block 14 of the Los Angeles Land and Water Company's Subdivision of a part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 page 17 of Maps, in the office of the county recorder of said county.

EXCEPT that portion thereof conveyed by the Fernando Valley Development Co., to the Los Angeles Land and Water Company by deed dated June 11, 1914 recorded in book 5889 page 190 of Deeds.

PARCEL 10:

Lot 16 in Block 14 of the Los Angeles Land and Water Company's Subdivision of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT the southwest 80 feet of the southeast 250 feet.

ALSO EXCEPT from the remainder the northeasterly 2 acres, the southwesterly line of said northeasterly 2 acres, being parallel with the northeasterly line of said lot.

ALSO EXCEPT from the remainder that part thereof, conveyed by the Fernando Valley Development Company, to the Los Angeles Land and Water Company, by deed recorded

in book 5889 page 190 of Deeds.

PARCEL 10A:

The northeasterly 68.5 feet of Lot 16 in Block 14 of the Los Angeles Land & Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPTING therefrom that part thereof conveyed by the Fernando Valley Development Company to the Los Angeles Land and Water Company, by deed recorded in book 5889 page 190 of Deeds.

PARCEL 11:

Lot 17 in Block 14 of the Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

EXCEPT the southwesterly 235 feet of the southeasterly 225 feet thereof.

ALSO EXCEPT that portion conveyed by Fernando Valley Development Company to Los Angeles Land and Water Company, by deed recorded September 15, 1914 in book 5889 page 190 of Deeds, Records of said county.

PARCEL 12:

Lots 18, 19 and the southwesterly 124.2 feet of Lot 20 in Block 14 of Los Angeles Land and Water Company's Subdivision of part of the MacLay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

PARCEL 13:

Lots 12 and 24 in Block 18 of Los Angeles Land and Water Company's Subdivision, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county,

including, but not limited to, all of Grantor's interest as Lessor under any and all leases affecting said property or any parts thereof.

SUBJECT TO all easements, covenants, conditions, restrictions and encumbrances of record.

DATED: January 11, 1962.

BANCROFT ASSOCIATES

By L. E. BANCROFT
President

By VERNON E. LOHR
Assistant Secretary

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

On January 11th, 1962, before me, the undersigned, a Notary Public in and for said County and State, personally appeared L. E. BANCROFT, known to me to be the President, and VERNON E. LOHR, known to me to be the Assistant Secretary, of BANCROFT ASSOCIATES, the corporation that executed the within instrument, known to me to be the persons who executed the within instrument, on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Arlene Shoaf
Notary Public in and for said
County and State

My Commission Expires Oct. 14, 1962

5062

QUITCLAIM DEED

BK 02335 PG 607

FOR TEN DOLLARS (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, BANCROFT ASSOCIATES, a dissolved California corporation, which acquired title to the hereinafter described property under its previous name of California Materials Company, does hereby remise, release and forever quitclaim to CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation, the real property in the County of Los Angeles, State of California, described as:

FEE
\$2.80
2 G

PARCEL 1:

Lots 1, 2, 4, 13, 14, 15 in Block 19 of Los Angeles Land and Water Company's Subdivision of part of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county.

PARCEL 2:

All that portion of Lot 16 in Block 19 of Los Angeles Land and Water Company's Subdivision of a part of the Maclay Rancho, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 3 pages 17 and 18 of Maps, in the office of the county recorder of said county, bounded and described as follows:

Beginning at the most westerly corner of said Lot 16; thence northeasterly along the northwesterly line of said Lot 16, to the most northerly corner thereof; thence southeasterly along the northeasterly line of said Lot 16, a distance of 40 feet; thence southwesterly parallel to the northwesterly line of said Lot 16, to a line parallel with and distant 230 feet northeasterly, measured at right angles from the southwesterly line of said Lot 16; thence southerly along a curve concave to the east tangent to said line which is parallel to said northwesterly line of said Lot 16, and having a radius of 180 feet, an arc distance of 282.74 feet to a point of tangency in a line which is parallel with and distant 50 feet northeasterly, measured at right angles from the southwesterly line of Lot 16; thence southeasterly along said last mentioned parallel line to the southeasterly line of said Lot 16; thence southwesterly along said southeasterly line, 50 feet to the most southerly corner of said Lot 16; thence northwesterly along the southwesterly line of said Lot 16, to the point of beginning.

5062

Calif. Portland Cement Co.

RECORDED IN OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIF.	
29 Min. Past	1 P.M. JAN 24 1964
RAY E. LEE, County Recorder	

BK D2335 PG 608

PARCEL 3:

Lots 1, 2, 3, 4, 5 and 7 of Tract No. 9329, in the city of Los Angeles, county of Los Angeles, state of California, as per map recorded in book 179 pages 9 and 10 of Maps, in the office of the county recorder of said county

SUBJECT TO all easements, covenants, conditions, restrictions and encumbrances of record.

DATED: January 3, 1964.

BANCROFT ASSOCIATES

By L. E. Bancroft
President

By Vernon E. Lohr
Assistant Secretary

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

On January 3, 1964, before me, the undersigned, a Notary Public in and for said County and State, personally appeared L. E. BANCROFT, known to me to be the President, and VERNON E. LOHR, known to me to be the Assistant Secretary, of BANCROFT ASSOCIATES, the corporation that executed the within instrument, known to me to be the persons who executed the within instrument, on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Aileen Conti
Notary Public in and for said
County and State

My Commission Expires Nov. 25, 1966

5062

Copy to T...
Copy to W... file

AMENDMENT TO LEASE

THIS AGREEMENT is made and entered into this 18th day of March, 1981, between California Portland Cement Company, a California Corporation, hereinafter called "Lessor", and INSURANCE SALVAGE SERVICE, INC., a California Corporation, hereinafter called "Lessee" and shall become effective on March 18, 1981.

RECITALS

The parties hereto wish to amend that certain lease dated April 2, 1979, entered into by and between Lessor and Lessee (hereinafter the "Lease"). Said Lease covers certain property leased by Lessor to Lessee in the Sun Valley District of the City of Los Angeles, California.

AGREEMENT

NOW, THEREFORE in consideration of the premises and the promises of the parties hereto, which are hereinafter set forth, it is agreed that the Lease is amended in the following particulars:

1. The use of the premises described in paragraph 7 shall be expanded to include the dismantling of automobile and the sale of parts therefrom.
2. The words "except as stated below" in the third sentence of Paragraph 7 shall be deleted.
3. The second paragraph of Paragraph 7 which begins with the words, "It is the intention . . ." shall be deleted in its entirety.
4. The words, "except as provided in Paragraph 7 below" in the second sentence of Paragraph 5 shall be deleted.

4. In Exhibit "A" Course (6) is amended to read as follows, "(6) thence on and along the further extension of said Course (2) a distance of 250 feet".

5. In Exhibit "A" Course (8) is amended to read as follows, "(8) thence northeasterly along said northwesterly line of Pendleton Street, a distance of 790 feet more or less to the True Point of Beginning containing 18.46 acres more or less. The obvious typographical error of the incomplete Course (8) is deleted.

6. Lessee agrees to pay as rent on the first of each month beginning on April 1, 1981, the sum of \$5,180.00 which shall be rent for the area in the original lease and the additional two acres added by this Amendment.

7. Paragraphs 3 and 4 are hereby amended to read as follows:

3. Lessee agrees to pay Lessor as rental for said premises monthly installments of \$4,841.32 each, subject to escalation as hereinafter provided, in advance, on the first of each month, beginning April 1, 1979, for the first year of the term hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes hereafter assessed against said real property over and above the taxes on the demised premises for the fiscal year 1965-1966. Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which said taxes become due.

The monthly rental of \$4,841.32 shall be escalated on April 1, 1980, for the second one-year period of the term hereunder and on April 1, 1981,

for the third one-year period of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, \$4,841.32 by the quotient, carried to four decimal places, of the 1967 Consumer's Price Index--Los Angeles-Long Beach-Anaheim, CA, All Urban Consumers (CPI-LA-LB) for the month of January, 1980, divided by 199.6. The figure "199.6" is the 1979 CPI-LA-LB for the month of January, 1979. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on April 1, 1980, assuming the CPI for the month of January, 1980, is 210.

Solution:

Divide 210 by 199.6 equals 1.0521.

Multiply \$4,841.32 by 1.0521 equals \$5,093.55, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for the third one-year term of the term hereunder. It shall be derived by dividing the January, 1981, CPI by 199.6. The escalated rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one-year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

4. Lessee is hereby granted an option to renew this lease for eight additional periods of one (1) year

each. The monthly rental for each period shall be escalated on April 1, of the respective period by multiplying \$4,841.32 by the quotient, carried to four decimal places, of the revised CPI for the month of January of the preceding respective period divided by 199.6. Such options, if exercised, shall be exercised by notice in writing to Lessor of Lessee's exercise of option given to Lessor on or prior to January 1 of each respective year. Such notice of exercise of option shall be given in accordance with the provision for the giving of notices hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes as herein provided under Section 3.

The purpose of this amendment is to enlarge the leased area, to correspondingly increase the rent and to make certain adjustments to accommodate a different use. Nothing contained herein shall be construed to add to the liability hereunder of Insurance Salvage Service prior to March 18, 1981.

Except as otherwise specifically provided for herein, all provisions of the Lease are in full force and effect and are unaltered by this Amendment to Lease.

IN WITNESS WHEREOF, the parties hereto have caused the presents to be executed as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT COMPANY

W. J. Conway
(Lessor)

INSURANCE SALVAGE SERVICE

Glen C. McElroy
(Lessee)

LEASE

THIS LEASE is made and entered into the 12th day of May 1981
by and between CALIFORNIA PORTLAND CEMENT COMPANY, hereinafter called "Lessor,"
and A-1 SCRAP, INC., a California corporation, hereinafter called "Lessee."

1. Lessor hereby leases to Lessee and Lessee hereby hires and takes
from Lessor for the term hereinafter set forth that certain real
property situated in the City of Los Angeles, County of Los
Angeles, State of California, described as follows:

Portions of Lot 8 and 9 of Tract 9329, as shown in
Book 179, pages 9 and 10 of Maps, Records of Los
Angeles County, all located in the Sun Valley Section
of Los Angeles, California, more particularly de-
scribed in Exhibit "A" attached hereto and made a
part hereof.

2. The term of this lease shall begin on January 1, 1982, and
shall end on December 31, 1987, unless sooner terminated
as herein provided.
3. Delay in Delivery of Premises. If Lessor, for any reason whatso-
ever, cannot deliver possession of the premises to Lessee at the
commencement of said term, as herein specified, this lease shall
not be void or voidable, nor shall Lessor be liable to Lessee
for any loss or damage resulting therefrom, but in that event
there shall be a proportionate deduction of rent covering the
period between the commencement of the term and the time when
Lessor can deliver possession. The term of this lease shall
not be extended by such delay.

Prior to January 1, 1982, Lessee may enter upon the premises
with the consent of the Lessor to prepare the premises and to
erect machinery and equipment necessary to carry on his business.
No rent shall be due Lessor for this entry prior to January 1,
1982, as long as Lessee's activities are solely as described
in the preceding sentence and Lessee has deposited with Lessor

the sum of Five Thousand Four Hundred Dollars (\$5,400.00) as security for the full performance of the terms and conditions of this lease. If Lessee is not in default at the termination of this lease, Lessor shall return the deposit to Lessee and may do this by either paying this sum to Lessee or crediting it against the last payment(s) of rent. Lessee's obligation respecting the deposit is that of a debtor, not a trustee and the fund may be commingled or dissipated, or both, and no interest shall be accrued thereon.

4. Lessee agrees to pay Lessor as rental for said premises monthly installments at the rate of \$900 per acre subject to escalation as hereinafter provided, in advance, on the first of each month, beginning January 1, 1982, for the first year of the term hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes hereafter assessed against said real property over and above the taxes on the demised premises for the fiscal year 1981-1982. Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which said taxes become due.

The monthly rental shall be escalated on January 1, 1983, for the second one-year period of the term hereunder and on January 1 of each respective year of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, the rent by the quotient, carried to four decimal places, of the 1967 Consumers' Price Index--Los Angeles-Long Beach-Anaheim, CA., All Urban Consumers (CPI-LA-LB) for the month of November 1983, divided by the CPI-LA-LB for the month of November 1981. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on January 1, 1983, assuming the CPI for the month of November 1981 is 285.5 and the CPI for the month

of November 1982 is 315.5 and the rent is \$5,400.00 per month.

Solution:

Divide 305.5 by 285.5 which equals 1.0701

Multiply 1.0701 by \$5400 which equals \$5778.54, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for the third one-year term of the term hereunder.

It shall be derived by dividing the November 1984 CPI by the November 1981 CPI. The escalation rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

5. Lessee is hereby granted an option to renew this lease for an additional period of five (5) years. The monthly rental for each year of the option shall be escalated on January 1 of the respective period by multiplying the rent for the first year by the quotient, carried to four decimal places, of the revised CPI for the month of November of the preceding respective period divided by the CPI for November 1981. Such option, if exercised, shall be exercised by notice in writing to Lessor of Lessee's exercise of option given to Lessor on or prior to September 1, 1987.

Such notice of exercise of option shall be given in accordance with the provision for the giving of notices hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes as herein provided under Section 3.

6. Lessee understands that portions of said premises have been filled. It is thoroughly familiar with said premises and all parts thereof and it accepts said premises in the condition in which they are and assumes all risk of subsidence with respect thereto.

7. Lessee may place an office building upon said premises at its own cost and expense, and provided such building meets all the requirements of law with respect to the construction and placement of such structure upon said premises. Lessee may remove said building upon expiration of the term of this lease or options thereof provided that Lessee is not in default of any of the terms of this lease. If Lessee elects not to remove said building, the condition thereof shall be such that it will be useable without major repairs or structural alternation by a succeeding tenant.
8. Lessee agrees to keep said premises in a reasonably clean and safe condition and to conduct thereon a yard for the storage and processing of scrap metal. Lessee may treat the surface of said property with road oil for the purpose of keeping down dust. All repairs to said premises and the fences and other structures thereon shall be made at Lessee's sole expense and Lessee further agrees that it will not commit, suffer or permit any waste on said premises and that it will not do or permit to be done thereon any act in violation of any law, ordinance or regulation of any governmental authority.
9. Any and all stock in trade, personal property, buildings, improvements, equipment or structures which may be placed upon said premises by lessee, with the exception of fences and gates therein, and except as provided in paragraph 6 above, shall be removed by Lessee at Lessee's expense within ten (10) days after the termination of this lease, and if not so removed within said period, Lessor shall have the right, but not the obligation, to remove the same at Lessee's expense, and in such event Lessee agrees to reimburse Lessor for the cost of such removal. Lessor shall have the right to dispose of any such property in any manner whatsoever should Lessee fail to remove the same within said period, including, but not limited to, the destruction thereof, either in whole or in part, and Lessee waives any and all claims and demands for any damage or loss arising by reason of any such removal or destruction. Fences and gates shall be deemed fixtures and shall not be removed from the premises by Lessee.

10. Lessee agrees to pay any and all taxes and assessments levied or assessed upon any personal property or buildings, improvements or structures placed upon said premises by it with the exception of fences and gates. Taxes levied or assessed against said premises by reason of construction thereon of such fences and gates shall be paid in the manner provided in Paragraph 3 hereof.
11. With respect to any action brought by Lessor to recover rent or possession of said premises, or for any breach of this lease, Lessee agrees to pay Lessor a reasonable sum, to be fixed by the court, for Lessor's attorney's fee and court costs, in addition to any sum determined to be owing from Lessee to Lessor.
12. Lessee hereby agrees to indemnify Lessor against and to hold it harmless of and from any and all claims and demands of every kind and character for damages to property or injuries to persons or for the death of any person or persons arising out of or in any way connected with Lessee's use or occupancy of said demised premises.
13. Lessee agrees at its sole cost and expense to maintain during the term of this lease a policy or policies of public liability and property damage insurance in an insurance company satisfactory to Lessor, naming Lessor as an additional assured thereunder, which shall insure Lessor against liability for injury to or death of one person in the sum of Three Hundred Thousand Dollars (\$300,000.00), for injury to or death of two or more persons in the same accident in the sum of Six Hundred Thousand Dollars (\$600,000.00) and for property damage in the sum of One Hundred Thousand Dollars (\$100,000.00). Lessee agrees to deliver to Lessor a certificate issued by the insurer or insurers, evidencing such insurance and Lessee agrees to pay all premium charges in connection therewith when the same become due and before delinquency. Such insurance shall be primary and not contributory, as to Lessor.
14. Lessee shall not assign or hypothecate this lease or any interest herein, or sublet the demised premises or any part thereof, without the written consent of Lessor, which shall not be unreasonably withheld, and any attempt to do so shall be void and shall confer no right or rights whatever upon any third party, and shall be cause for termination of this lease by Lessor, at its option.

15. This lease shall be terminable at the option of Lessor in the event of the adjudication or bankruptcy of Lessee or in the event it files a petition for voluntary bankruptcy, or makes any assignment for the benefit of its creditors, or if a receiver is appointed by any court having jurisdiction which involved all or any part of the assets of Lessee, or if any of the property of Lessee is levied upon under any writ of attachment or execution or by a taxing body and the lien of such attachment, execution or tax levy is not discharged by bond or payment within ten (10) days after such levy. Notice of such termination shall be given by Lessor to Lessee in the manner hereinafter provided for the giving of notices. In the event such notice is delivered personally to Lessee, this lease and the term hereunder shall terminate forthwith. If it is given by mail, the lease and term hereunder shall terminate three days after mailing. Lessor shall have no obligation to return any rental theretofore paid but it shall be entitled to the same as liquidated damages, it being understood that the actual damages for such early termination or cause of termination would be impossible of determination. In the event of such termination, Lessee shall remain liable to Lessor for any unpaid rental and for any damage suffered by Lessor as a result of such early termination.
16. Any notice given by one party hereto to the other shall be in writing and shall be given either by personal service or by mail, posted within the State of California, with postage prepaid, addressed to Lessor at P. O. Box 947, Colton, California 92324, Attention: W. J. Conway, and to Lessee at 8250 Tujunga Avenue, Sun Valley, California. ⁹¹³⁵² Such mailed notices shall be effective three days after they are deposited in the mail.
17. Time is of the essence of this lease. Subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach of any obligation hereunder other than the failure to pay the particular rental so accepted and the waiver by Lessor of any breach of covenant or condition shall not constitute

a waiver of any other breach, regardless of knowledge. The consent of Lessor to any assignment or sublease shall not be deemed consent to any other assignment or sublease.

18. Lessee agrees that Lessor at Lessor's option may install and operate a collection system to remove any gases generated by the decomposition of material that has been placed in or on the premises. Lessor agrees that the system shall be so designed and installed as to cause a minimum of interference with the use by Lessee of the leased premises. Pipes connecting extraction points shall be installed below the surface of the ground and the terminal point in the system shall be outside the leased premises.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers thereunto duly authorized as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT COMPANY

By W. J. Conway Lessor
714-P25-4260

A-1 SCRAP, INC.

By James P. Oak Lessee

*To Contract drawer
cc Tim M. 11/11/80*

SECOND AMENDMENT TO LEASE

THIS AGREEMENT is made and entered into this 24th day of June, 1981, between California Portland Cement Company, a California Corporation, hereinafter called "Lessor", and INSURANCE SALVAGE SERVICE, INC., a California Corporation, hereinafter called "Lessee" and shall become effective on June 1, 1981.

RECITALS

The parties hereto wish to amend that certain lease dated April 2, 1979, entered into by and between Lessor and Lessee (hereinafter the "Lease"). Said Lease covers certain property leased by Lessor to Lessee in the Sun Valley District of the City of Los Angeles, California. The purpose of this amendment is to enlarge the leased area and to increase the rent.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the promises of the parties hereto, which are hereinafter set forth, it is agreed that the Lease is amended in the following particulars:

1. The following described parcel of land is added to the leased area:

Those portions of Lots 8 and 9, Tract 9329, recorded in Book 179, pages 9 and 10 more particularly described as follows:

Beginning at the Westerly corner of the intersection of Glen Oaks Boulevard and Pendleton Street; thence Northwesterly along the Southwesterly line of Glen Oaks 880 feet; thence Southwesterly along a line parallel with Pendleton Street 990 feet to the true point of beginning; thence continuing on and along said parallel line a distance of 200 feet; thence Southeasterly along a line parallel to Glen Oaks Boulevard 190 feet; thence

Dr. R. L. ...

Northeasterly along a line parallel with Pendleton
Street 200 feet to a point in Course No. 7 of Exhibit
A of said lease; thence Northwesterly along said Course
No. 7 to the true point of beginning.

2. Lessee agrees to pay as rent on the first of each month beginning
June 1, 1981, the sum of Six Thousand Five Hundred Seventy Dollars
(6,570.00) which shall be rent for the area in the original lease,
the area in the Amendment to Lease dated March 18, 1981, and the
area in paragraph No. 1 above. This rent shall be subject to
escalation as provided in the Lease and in the Amendment to Lease
on April 1, 1982, and on each subsequent April 1.

Except as otherwise specifically provided for herein, all provisions
of the Lease are in full force and effect and are unaltered by this
Amendment to Lease.

IN WITNESS WHEREOF, the parties hereto have caused the presents to be
executed as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT CO.

By William J. Conway
Lessor

INSURANCE SALVAGE SERVICE, INC.

By G. L. ... E. M. ...
Lessee

LEASE

THIS LEASE is made and entered into the 1st day of February, 1982
by and between CALIFORNIA PORTLAND CEMENT COMPANY, hereinafter called "Lessor,"
and PAUL V. PSIK, an individual , hereinafter called "Lessee."

1. Lessor hereby leases to Lessee and Lessee hereby hires and takes
from Lessor for the term hereinafter set forth that certain real
property situated in the City of Los Angeles, County of Los
Angeles, State of California, described as follows:

Portions of Lot 8 and 9 of Tract 9329, as shown in
Book 179, pages 9 and 10 of Maps, Records of Los
Angeles County, all located in the Sun Valley Section
of Los Angeles, California, more particularly de-
scribed in Exhibit "A" attached hereto and made a
part hereof.

2. The term of this lease shall begin on ~~January~~ ^{February} 1, 1982, and *WJ* *B*
shall end on December 31, 1987, unless sooner terminated
as herein provided.
3. Delay in Delivery of Premises. If Lessor, for any reason whatso-
ever, cannot deliver possession of the premises to Lessee at the
commencement of said term, as herein specified, this lease shall
not be void or voidable, nor shall Lessor be liable to Lessee
for any loss or damage resulting therefrom, but in that event
there shall be a proportionate deduction of rent covering the
period between the commencement of the term and the time when
Lessor can deliver possession. The term of this lease shall
not be extended by such delay.

Prior to January 1, 1982, Lessee may enter upon the premises
with the consent of the Lessor to prepare the premises and to
erect machinery and equipment necessary to carry on his business.
No rent shall be due Lessor for this entry prior to January 1,
1982, as long as Lessee's activities are solely as described
in the preceding sentence and Lessee has deposited with Lessor

the sum of Five Thousand Four Hundred Dollars (\$5,400.00) as security for the full performance of the terms and conditions of this lease. If Lessee is not in default at the termination of this lease, Lessor shall return the deposit to Lessee and may do this by either paying this sum to Lessee or crediting it against the last payment(s) of rent. Lessee's obligation respecting the deposit is that of a debtor, not a trustee and the fund may be commingled or dissipated, or both, and no interest shall be accrued thereon.

- 4.. Lessee agrees to pay Lessor as rental for said premises monthly installments at the rate of \$900 per acre subject to escalation as hereinafter provided, in advance, on the first of each month, beginning January 1, 1982, for the first year of the term hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes hereafter assessed against said real property over and above the taxes on the demised premises for the fiscal year 1981-1982. Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which said taxes become due.

The monthly rental shall be escalated on January 1, 1983, for the second one-year period of the term hereunder and on January 1 of each respective year of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, the rent by the quotient, carried to four decimal places, of the 1967 Consumers' Price Index--Los Angeles-Long Beach-Anaheim, CA., All Urban Consumers (CPI-LA-LB) for the month of November 1983, divided by the CPI-LA-LB for the month of November 1981. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on January 1, 1983, assuming the CPI for the month of November 1981 is 285.5 and the CPI for the month

of November 1982 is 315.5 and the rent is \$5,400.00 per month.

Solution:

Divide 305.5 by 285.5 which equals 1.0701

Multiply 1.0701 by \$5400 which equals \$5778.54, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for the third one-year term of the term hereunder.

It shall be derived by dividing the November 1984 CPI by the November 1981 CPI. The escalation rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

5. Lessee is hereby granted an option to renew this lease for an additional period of five (5) years. The monthly rental for each year of the option shall be escalated on January 1 of the respective period by multiplying the rent for the first year by the quotient, carried to four decimal places, of the revised CPI for the month of November of the preceding respective period divided by the CPI for November 1981. Such option, if exercised, shall be exercised by notice in writing to Lessor of Lessee's exercise of option given to Lessor on or prior to September 1, 1987.

Such notice of exercise of option shall be given in accordance with the provision for the giving of notices hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes as herein provided under Section 3.

6. Lessee understands that portions of said premises have been filled. It is thoroughly familiar with said premises and all parts thereof and it accepts said premises in the condition in which they are and assumes all risk of subsidence with respect thereto.

7. Lessee may place an office building upon said premises at its own cost and expense, and provided such building meets all the requirements of law with respect to the construction and placement of such structure upon said premises. Lessee may remove said building upon expiration of the term of this lease or options thereof provided that Lessee is not in default of any of the terms of this lease. If Lessee elects not to remove said building, the condition thereof shall be such that it will be useable without major repairs or structural alternation by a succeeding tenant.
8. Lessee agrees to keep said premises in a reasonably clean and safe condition and to conduct thereon a yard for the storage and processing of scrap metal. Lessee may treat the surface of said property with road oil for the purpose of keeping down dust. All repairs to said premises and the fences and other structures thereon shall be made at Lessee's sole expense and Lessee further agrees that it will not commit, suffer or permit any waste on said premises and that it will not do or permit to be done thereon any act in violation of any law, ordinance or regulation of any governmental authority.
9. Any and all stock in trade, personal property, buildings, improvements, equipment or structures which may be placed upon said premises by lessee, with the exception of fences and gates therein, and except as provided in paragraph 6 above, shall be removed by Lessee at Lessee's expense within ten (10) days after the termination of this lease, and if not so removed within said period, Lessor shall have the right, but not the obligation, to remove the same at Lessee's expense, and in such event Lessee agrees to reimburse Lessor for the cost of such removal. Lessor shall have the right to dispose of any such property in any manner whatsoever should Lessee fail to remove the same within said period, including, but not limited to, the destruction thereof, either in whole or in part, and Lessee waives any and all claims and demands for any damage or loss arising by reason of any such removal or destruction. Fences and gates shall be deemed fixtures and shall not be removed from the premises by Lessee.

10. Lessee agrees to pay any and all taxes and assessments levied or assessed upon any personal property or buildings, improvements or structures placed upon said premises by it with the exception of fences and gates. Taxes levied or assessed against said premises by reason of construction thereon of such fences and gates shall be paid in the manner provided in Paragraph 3 hereof.
11. With respect to any action brought by Lessor to recover rent or possession of said premises, or for any breach of this lease, Lessee agrees to pay Lessor a reasonable sum, to be fixed by the court, for Lessor's attorney's fee and court costs, in addition to any sum determined to be owing from Lessee to Lessor.
12. Lessee hereby agrees to indemnify Lessor against and to hold it harmless of and from any and all claims and demands of every kind and character for damages to property or injuries to persons or for the death of any person or persons arising out of or in any way connected with Lessee's use or occupancy of said demised premises.
13. Lessee agrees at its sole cost and expense to maintain during the term of this lease a policy or policies of public liability and property damage insurance in an insurance company satisfactory to Lessor, naming Lessor as an additional assured thereunder, which shall insure Lessor against liability for injury to or death of one person in the sum of Three Hundred Thousand Dollars (\$300,000.00), for injury to or death of two or more persons in the same accident in the sum of Six Hundred Thousand Dollars (\$600,000.00) and for property damage in the sum of One Hundred Thousand Dollars (\$100,000.00). Lessee agrees to deliver to Lessor a certificate issued by the insurer or insurers, evidencing such insurance and Lessee agrees to pay all premium charges in connection therewith when the same become due and before delinquency. Such insurance shall be primary and not contributory, as to Lessor.
14. Lessee shall not assign or hypothecate this lease or any interest herein, or sublet the demised premises or any part thereof, without the written consent of Lessor, which shall not be unreasonably withheld, and any attempt to do so shall be void and shall confer no right or rights whatever upon any third party, and shall be cause for termination of this lease by Lessor, at its option.

15. This lease shall be terminable at the option of Lessor in the event of the adjudication or bankruptcy of Lessee or in the event it files a petition for voluntary bankruptcy, or makes any assignment for the benefit of its creditors, or if a receiver is appointed by any court having jurisdiction which involved all or any part of the assets of Lessee, or if any of the property of Lessee is levied upon under any writ of attachment or execution or by a taxing body and the lien of such attachment, execution or tax levy is not discharged by bond or payment within ten (10) days after such levy. Notice of such termination shall be given by Lessor to Lessee in the manner hereinafter provided for the giving of notices. In the event such notice is delivered personally to Lessee, this lease and the term hereunder shall terminate forthwith. If it is given by mail, the lease and term hereunder shall terminate three days after mailing. Lessor shall have no obligation to return any rental theretofore paid but it shall be entitled to the same as liquidated damages, it being understood that the actual damages for such early termination or cause of termination would be impossible of determination. In the event of such termination, Lessee shall remain liable to Lessor for any unpaid rental and for any damage suffered by Lessor as a result of such early termination.
16. Any notice given by one party hereto to the other shall be in writing and shall be given either by personal service or by mail, posted within the State of California, with postage prepaid, addressed to Lessor at P. O. Box 947, Colton, California 92324, Attention: W. J. Conway, and to Lessee at 8250 Tujunga Avenue, Sun Valley, California. Such mailed notices shall be effective three days after they are deposited in the mail.
17. Time is of the essence of this lease. Subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach of any obligation hereunder other than the failure to pay the particular rental so accepted and the waiver by Lessor of any breach of covenant or condition shall not constitute

a waiver of any other breach, regardless of knowledge. The consent of Lessor to any assignment or sublease shall not be deemed consent to any other assignment or sublease.

18. Lessee agrees that Lessor at Lessor's option may install and operate a collection system to remove any gases generated by the decomposition of material that has been placed in or on the premises. Lessor agrees that the system shall be so designed and installed as to cause a minimum of interference with the use by Lessee of the leased premises. Pipes connecting extraction points shall be installed below the surface of the ground and the terminal point in the system shall be outside the leased premises.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers thereunto duly authorized as of the day and year first hereinabove written.

CALIFORNIA PORTLAND CEMENT COMPANY

By W. J. Conway
W. J. Conway, Lessor

PAUL V. PSIK
PAUL V. PSIK, Lessee

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO

Name
Street
Address
City &
State

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

ASSIGNMENT OF LEASE

KNOW ALL MEN BY THESE PRESENTS: That Paul V. Psik and

A-1 Scrap, Inc.

the part Y of the first part, for and in consideration of the sum of
Forty-six Thousand, Six Hundred _____ Dollars
lawful money of the United States of America, to _____ be _____ in hand paid by
Agop Berghoudian (per attached agreement, Exhibit "B")

the part Y of the second part, the receipt whereof is hereby acknowledged, do
by these presents grant, bargain, sell, assign, transfer and set over unto the said part Y
of the second part, a certain Indenture of Lease, bearing date the 12 day of May 1987
nineteen hundred and 87 covering a lease term of January 1, 1982
to December 31, 1987

made and executed by _____ California
Portland Cement Company _____ Lessor
to Paul V. Psik _____ Lessee
A-1 Scrap, Inc. and Paul V. Psik

and recorded on the _____ day of _____, 19____, in book _____
of _____, at page _____, in the office of the County Recorder of the
County of _____, State of _____ of and

to the following real property, to wit: _____ Portions of Lot 8 and 9 of Tract
9329, as shown in Book 179, pages 9 and 10 of Maps, Records of Los
Angeles County, all located in the Sun Valley section of Los Angeles
California, more particularly described in Exhibit "A" attached
hereto and made a part hereof.

IN WITNESS WHEREOF, the said part Y of the first part has hereunto set _____ hand
and seal the 15 day of February
in the year nineteen hundred and 83 A-1 Scrap, Inc. By _____ (Seal)
And _____

_____, part Y of the
second part, in consideration of said assignment, does hereby assume and agree to perform
all obligations of the part Y of the first part to said lease, save and excepting the following:

None

Agop Berghoudian

(Seal)

I, _____, lessor in the lease above described hereby
consent to the above assignment, this 15 day of _____ February _____, 1983.
(Seal)

EXHIBIT "B"

PAYMENT OF ASSIGNMENT OF LEASE

It is understood and agreed between the parties that payment of the forty-six thousand, six hundred dollars from Agop Berghoudian to Paul V. Psik and/or A-1 Scrap, Inc. shall be paid as follows:

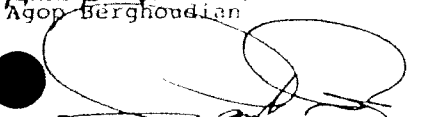
- 1) Paul V. Psik shall keep the sum of six thousand, six hundred dollars which he holds from Pick your Parts Auto Wrecking, Inc. as a security deposit on two subleases. Paul V. Psik shall credit Agop Berghoudian said six thousand, six hundred dollars as partial payment of the forty-six thousand, six hundred dollars due herein.
- 2) Agop Berghoudian herein pays twenty thousand dollars upon the execution hereof.
- 3) The balance of twenty thousand dollars is to be paid by Agop Berghoudian in the form of scrap, consisting of auto bodies and motor blocks, to be delivered to A-1 Scrap, Inc. over the next sixty days. Price of scrap to be set by the prices being paid by Valley Junk or Jet Scrap.
- 4) Agop Berghoudian hereby grants to Paul V. Psik a lease of two acres of comparatively zoned and priced land in tract 9329 with main thoroughfare access, which lease is signed contemporaneously with this Assignment of Lease.

Paul V. Psik herein represents and warrants that there are two subleases on the subject property, both to Pick your Parts Auto Wrecking, Inc. and Glen C. McElroy, personally and both dated January 15, 1982. One of the subleases covers two acres of land and expired January 31, 1983 and the tenant is now on a month to month tenancy; and the second sublease covers four acres of land and expires on January 31, 1984. The rents are paid through February 28, 1983 and the total security deposit on both leases is six thousand, six hundred dollars.

Agop Berghoudian hereby acknowledges receipt of copies of the Lease being assigned herewith in which California Portland Cement is the Lessor and Paul V. Psik is the Lessee. Agop Berghoudian further acknowledges receipt of copies of the subleases covering the same real property whereby Paul V. Psik is the Lessor and Pick your Parts Auto Wrecking, Inc., a California Corporation, is the Lessee. As to each of these leases and subleases, Agop Berghoudian hereby agrees to comply with and fulfill all of the clauses, terms and provisions thereof in the same fashion and pursuant to the terms and provisions as said documents, and each of them, require of Paul V. Psik. In the event that any litigation, claim or cause of action should arise as to said leases, subleases, or any of them, then as to the same, Agop Berghoudian hereby agrees to indemnify, defend and hold harmless Paul V. Psik and his agents, servants, representatives, employees, successors in interest and assigns.


Agop Berghoudian

2-15-83
Date


Paul V. Psik
A-1 Scrap, Inc. by Paul V. Psik

Feb. 15, 1983
Date

EXHIBIT A

SUBJECT

WASTE LINE

50415

PRIMER

8.

88a

124

124

SUBLEASE

THIS SUBLEASE (hereinafter called the "Lease") is entered into his 27th day of July, 1982, by and between CONROCK CO., a Delaware corporation (hereinafter called "Landlord"); and PICK-YOUR-PART AUTO WRECKING, a California corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the Lessee of that certain premises situated in the City of Los Angeles, County of Los Angeles, State of California, consisting of approximately four (4) acres, as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A", (hereinafter the "Premises").

B. Tenant desires to rent from Landlord and Landlord desires to lease to Tenant, the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises.

2. Term. The term of this Lease shall commence on July 15, 1982, and expire on March 31, 1983, subject to early termination as hereinafter provided.

3. Rental. Tenant agrees to pay Landlord a rental of Six Thousand Dollars (\$6,000.00) per month and at such rate as adjusted in accordance with the provisions of paragraph 4, payable in advance on the first day of each calendar month, provided however that rent for the month of July, 1982 shall be Three Thousand Dollars (\$3,000.00), payable on July 15, 1982. Should any rental not be paid when due, it shall bear interest at the maximum rate an individual is permitted by law to charge.

4. Rental Adjustment. The monthly rate of Six Thousand Dollars (\$6,000.00) provided for in paragraph 3 herein shall be adjusted upward or downward on April 1 of each year (during the term hereof or any extension thereof) in the same proportion as

the proportional difference between the "Consumer Price Index for the Los Angeles-Long Beach-Anaheim Metropolitan Area", published by the United States Department of Labor, Bureau of Labor Statistics, (CPI) in effect on April 1 of the then present year and the CPI in effect April 1 of the then previous year, provided however that the monthly rental rate so adjusted shall never be less than Six Thousand Dollars (\$6,000.00). Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices.

5. Option to Renew. If Tenant is not in default hereunder, Tenant may extend the term of this Lease for eight (8) separate successive period of one (1) year each. Tenant shall be deemed to have exercised each option unless Tenant serves upon Landlord written notice of its intent not to exercise each option at least ninety (90) days prior to the expiration of each existing term. The monthly rental rate for these extended periods, if any, shall be as provided in paragraphs 3 and 4 herein.

6. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except as an automobile parts salvage yard and automobile storage. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, state and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not occupy or use the Premises during the term of this Lease in such a manner as to interfere with the use or occupancy of any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease.

7. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms,

covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of Six Thousand Dollars (\$6,000.00) which sum shall be paid by Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the Lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees incurred in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied as aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the hands of Landlord shall be restored to the required amount of Six Thousand Dollars (\$6,000.00). The security deposit shall earn simple interest at the rate of ten percent (10%) per annum, to be paid upon repayment to Tenant of the balance of the security deposit as aforesaid.

8. Improvements. Tenant leases the Premises and the improvements thereon, if any, in an "as is" condition. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the Premises as it deems necessary for its own use; provided, however, that improvements which cost more than One Thousand Dollars (\$1,000.00) shall not be made without Landlord's prior written approval. Title to all improvements made at Tenant's expense shall remain in Tenant. Tenant shall remove all improvements made by it upon expiration or termination of this Lease.

9. Taxes and Assessments. During the term hereof, Tenant shall pay or cause to be paid before delinquency all taxes levied or assessed on account of any property installed by or for Tenant in the Premises, regardless of how, or to whom such taxes are assessed and whether such property so installed is assessed as

personal property or as a part of the real property. Tenant shall pay to Landlord as additional rental within thirty (30) days after receipt of written statement from Landlord setting forth the amount thereof, the amount of all real estate taxes, or other forms of assessment, including license taxes, commercial rental taxes, levies, charges, penalties, or similar imposition, imposed by any authority having the direct power to tax, including any city, county, State or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Premises, for a period within the term hereof. Without limiting the generality of the foregoing, the aforementioned taxes and assessments shall include: any tax on Landlord's right to rents or other income from the Premises or as against Landlord's business of leasing the Premises; any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged that Proposition 13 was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants; and any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross receipts tax or excise tax levied by the State, city, or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof. Tenant shall bear any business tax imposed upon Landlord by the State of California or any political subdivision thereof which is based or measured in whole or in part by amounts charged or received by the Landlord under this Lease,

excluding State Franchise Taxes and Federal Income Taxes.

10. Maintenance and Repair. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives the provisions of Civil Code §§1941 and 1942 with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the expenses of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order, or repair as required, Landlord or its agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all rubbish and debris and property required to be removed and turn over the Premises to Landlord in good order and in a safe and sanitary condition. Should tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Leased Premises to an orderly and safe and sanitary condition and the cost thereof to Landlord shall be immediately repaid by Tenant to Landlord.

11. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this

Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers within ninety (90) days of expiration, and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

12. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code §6300 et seq., (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon. Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

13. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable by Tenant for its intended use hereunder, then this Lease shall remain in full force

and effect as to such remaining portion, except that the rental payable hereunder shall thereafter be reduced in the proportion that the ground area of the Premises so taken bears to the total ground area of the Premises prior to the taking.

14. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

15. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions for the payment, satisfaction,

and effect as to such remaining portion, except that the rental payable hereunder shall thereafter be reduced in the proportion that the ground area of the Premises so taken bears to the total ground area of the Premises prior to the taking.

14. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render inoperative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to exercise any other right or remedy.

15. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant shall be levied against the Premises or against any interest therein, then Tenant within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions for the payment, satisfaction,

or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord fully protecting Landlord against any loss, damage, cost or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

16. Indemnification and Exculpation of Landlord. Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or the improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

17. Insurance. Tenant shall keep in full force and effect during the term of this Lease, worker's compensation insurance covering all employees of Tenant with waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than Two (2) Million Dollars (\$2,000,000.00) combined single limit. All such public liability and property damage policies shall be procured and maintained with an insurance company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an

additional insured, and shall contain cross-liability endorsements in substantially the following form:

The inclusion of more than one corporation, person, organization firm or entity as insured under this policy, shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certificates evidencing such insurance shall at all times be supplied to Landlord and shall provide for thirty (30) days notice of cancellation to certificate holder. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

18. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter, unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or

discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provision or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender the Premises to Landlord, clean up and remove from the Premises all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument or instruments as will properly evidence termination of its rights hereunder and its interest herein, as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(1) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in

the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (1) and (2) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (3) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to, the service of such notice, be deemed to be a termination of this Lease.

19. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be considered a tenancy from month to month subject to all the conditions and restrictions of this Lease.

20. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified

mail, postage prepaid, addressed as follows:

To Landlord:

Conrock Co.
3200 San Fernando Road
Los Angeles, CA 90065

To Tenant:

Pick-Your-Part Auto Wrecking
1903 Blinn Avenue
Wilmington, CA 90744

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States Mail.

21. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises without in each instance first having received the expressed written consent of Landlord. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to a transfer shall constitute a further waiver of the provisions of this paragraph.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease becomes effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfer. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

Landlord shall be permitted to withhold its consent to any proposed assignment, sublease or other encumbrance for any cause whatsoever, or without any cause whatsoever.

If Tenant consists of more than one person or entity, a purported transfer, voluntary, involuntary, or by operation of law, from one Tenant to the other shall be deemed a voluntary transfer.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 51% of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 51% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

22. Utilities. Tenant shall pay prior to delinquency all charges for electricity, light and power, water, gas and all similar charges which may accrue with respect to the Premises during the term of this Lease. Should Tenant fail to so pay any utility charge as required herein, Landlord may, without prejudice to any other right or remedy, pay such charge, and all amounts so advanced by Landlord shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

23. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

24. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during and for the purpose of making such repair or restoration as may become necessary under the provisions hereof.

25. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from

and after the date of such transfer.

26. Subordination Agreement. Tenant shall, upon Landlord's request, together with the request of any encumbrancer or holder of a trust deed, execute any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof, covered by said mortgage or deed of trust.

27. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

28. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

29. Cost of Litigation. If either party is compelled to incur any expenses in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable costs and expenses, including reasonable attorney's fees, from the other party.

30. Quiet Possession. Landlord warrants that Tenant on paying the rental installments and other payments provided for hereby, and on keeping, observing, and performing all the other terms, conditions, covenants, and provisions herein contained on the part of Tenant to be kept, observed and performed, shall

peaceably and quietly have, hold and enjoy the Premises for the full term of this Lease, subject to the terms, conditions and provisions hereof.

31. Relation of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

32. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto, which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

Landlord:

CONROCK CO.

By Herbert Hargis
EXECUTIVE VICE PRESIDENT
By Robert J. [Signature]
Secretary

Tenant:

PICK-YOUR-PART AUTO WRECKING

By Glenn McElroy
By _____

15 day of February, 1983

THIS LEASE is made and entered

by and between

Aqop Berghond

hereinafter called "Lessor,"

and

Paul V. Psik

hereinafter called "Lessee."

1. Lessor hereby leases to Lessee and Lessee hereby hires and takes from Lessor for the term hereinafter set forth that certain real property situated in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Portions of Lot 8, 9 & 10 of Tract 9329, as shown in Book 179, pages 9 and 10 of Map, Records of Los Angeles County, all located in the San Geronimo section of Los Angeles, California, more particularly described in Exhibit "A" attached hereto and made a part hereof.

2. The term of this lease shall begin on February 15, 1983 and shall end on December 31, 1987, unless sooner terminated as herein provided.
3. Delay in Delivery of Premises. If Lessor, for any reason whatsoever, cannot deliver possession of the premises to Lessee at the commencement of said term, as herein specified, this lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom, but in that event there shall be a proportionate deduction of rent covering the period between the commencement of the term and the time when Lessor can deliver possession. The term of this lease shall not be extended by such delay.

Prior to February 15, 1983 Lessee may enter upon the premises with the consent of the Lessor to prepare the premises and to erect machinery and equipment necessary to carry on his business. No rent shall be due Lessor for this entry prior to February 15, 1983 as long as Lessee's activities are solely as described in the preceding sentence and Lessee has deposited with Lessor

the sum of no money (-0-)

security for the full performance of the terms and conditions of this lease. If Lessee is not in default at the termination of this lease, Lessor shall return the deposit to Lessee and may do this by either paying this sum to Lessee or crediting it against the last payment(s) of rent. Lessee's obligation respecting the deposit is that of a debtor, not a trustee and the fund may be commingled or dissipated, or both, and no interest shall be accrued thereon.

4. Lessee agrees to pay Lessor as rental for said premises monthly installments at the rate of \$600 per month subject to escalation as hereinafter provided, in advance, on the first of each month, beginning March 1, 1983 for the first year of the term hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes hereafter assessed against said real property over and above the taxes on the demised premises for the fiscal year 1982-1983. Payment of said additional sum or sums shall be made by Lessee to Lessor upon demand on or before the date upon which said taxes become due.

The monthly rental shall be escalated on January 1, 1984 for the second one-year period of the term hereunder and on January 1 of each respective year of the term hereunder by multiplying, in the case of the monthly rental for the second yearly period of the term, the rent by the quotient, carried to four decimal places, of the 1967 Consumers' Price Index--Los Angeles-Long Beach-Anaheim, CA., All Urban Consumers (CPI-LA-UR) for the month of November 1983, divided by the CPI-LA-UR for the month of November 1982. Said Index is prepared and promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor.

Example:

Determine the rent due for each month of the second one-year portion of the term hereunder which begins on January 1, 1983, assuming the CPI for the month of November 1982 is 100 and the CPI for the month

of November 1982 is 41.5 and the rent is \$5,400.00 per month.

Solution:

Divide 305.5 by 285.5 which equals 1.0701

Multiply 1.0701 by \$5400 which equals \$5778.54, the monthly rental for the second one-year term of the term hereunder.

An escalation factor shall be determined and used in the same manner for the third one-year term of the term hereunder. It shall be derived by dividing the November 1984 CPI by the November 1982 CPI. The escalation rentals shall be the effective rentals for the periods indicated. However, the maximum increase in the monthly rental for any one year period hereunder shall not exceed 10% of the rental for the preceding one-year period.

5. Lessee is hereby granted an option to renew this lease for an additional period of five (5) years. The monthly rental for each year of the option shall be escalated on January 1 of the respective period by multiplying the rent for the first year by the quotient, carried to four decimal places, of the revised CPI for the month of November of the preceding respective period divided by the CPI for November 1982. Such option, if exercised, shall be exercised by notice in writing to Lessor of Lessee's exercise of option given to Lessor on or prior to September 1, 1987.

Such notice of exercise of option shall be given in accordance with the provision for the giving of notices hereunder. In addition to the foregoing rental, Lessee agrees to pay Lessor a sum equal to increases in the real property taxes as herein provided under Section 3.

6. Lessee understands that portions of said premises have been filled. It is thoroughly familiar with said premises and all parts thereof and it accepts said premises in the condition in which they are and assumes all risk of subsidence with respect thereto.

7. Lessee may place an office building upon said premises at its own cost and expense, and provided such building meets all the requirements of law with respect to the construction and placement of such structure upon said premises. Lessee may remove said building upon expiration of the term of this lease or options thereof provided that Lessee is not in default of any of the terms of this lease. If Lessee elects not to remove said building, the condition thereof shall be such that it will be useable without major repairs or structural alternation by a succeeding tenant.
8. Lessee agrees to keep said premises in a reasonably clean and safe condition and to conduct thereon a yard for the storage and processing of scrap metal. Lessee may treat the surface of said property with road oil for the purpose of keeping down dust. All repairs to said premises and the fences and other structures thereon shall be made at Lessee's sole expense and Lessee further agrees that it will not commit, suffer or permit any waste on said premises and that it will not do or permit to be done thereon any act in violation of any law, ordinance or regulation of any governmental authority.
9. Any and all stock in trade, personal property, buildings, improvements, equipment or structures which may be placed upon said premises by Lessee, with the exception of fences and gates therein, and except as provided in paragraph 6 above, shall be removed by Lessee at Lessee's expense within ten (10) days after the termination of this lease, and if not so removed within said period, Lessor shall have the right, but not the obligation, to remove the same at Lessee's expense, and in such event Lessee agrees to reimburse Lessor for the cost of such removal. Lessor shall have the right to dispose of any such property in any manner whatsoever should Lessee fail to remove the same within said period, including, but not limited to, the destruction thereof, either in whole or in part, and Lessee waives any and all claims and demands for any damage or loss arising by reason of any such removal or destruction. Fences and gates shall be deemed fixtures and shall not be removed from the premises by Lessee.

10. Lessee agrees to pay any and all taxes and assessments levied or assessed upon any personal property or buildings, improvements or structures placed upon said premises by it with the exception of fences and gates. Taxes levied or assessed against said premises by reason of construction thereon of such fences and gates shall be paid in the manner provided in Paragraph 3 hereof.
11. With respect to any action brought by Lessor to recover rent or possession of said premises, or for any breach of this lease, Lessee agrees to pay Lessor a reasonable sum, to be fixed by the court, for Lessor's attorney's fee and court costs, in addition to any sum determined to be owing from Lessee to Lessor.
12. Lessee hereby agrees to indemnify Lessor against and to hold it harmless of and from any and all claims and demands of every kind and character for damages to property or injuries to persons or for the death of any person or persons arising out of or in any way connected with Lessee's use or occupancy of said demised premises.
13. Lessee agrees at its sole cost and expense to maintain during the term of this lease a policy or policies of public liability and property damage insurance in an insurance company satisfactory to Lessor, naming Lessor as an additional assured thereunder, which shall insure Lessor against liability for injury to or death of one person in the sum of Three Hundred Thousand Dollars (\$300,000.00), for injury to or death of two or more persons in the same accident in the sum of Six Hundred Thousand Dollars (\$600,000.00) and for property damage in the sum of One Hundred Thousand Dollars (\$100,000.00). Lessee agrees to deliver to Lessor a certificate issued by the insurer or insurers, evidencing such insurance and Lessee agrees to pay all premium charges in connection therewith when the same become due and before delinquency. Such insurance shall be primary and not contributory, as to Lessor.
14. Lessee shall not assign or hypothecate this lease or any interest herein, or sublet the demised premises or any part thereof, without the written consent of Lessor, which shall not be unreasonably withheld, and any attempt to do so shall be void and shall confer no right or rights whatever upon any third party, and shall be cause for termination of this lease by Lessor, at its option.

15. This lease shall be subject to the liquidation of Lessor in the event of the liquidation or bankruptcy of Lessor or if Lessor it files a petition for voluntary bankruptcy, or makes any assignment for the benefit of its creditors, or if a receiver is appointed by any court having jurisdiction which involved all or any part of the assets of Lessor, or if any of the property of Lessor levied upon under any writ of attachment or execution of a taxing body and the lien of such attachment or execution is not discharged by bond or payment within ten days after such levy. Notice of such termination shall be given orally to Lessee in the manner hereinafter provided for notices. In the event such notice is furnished to Lessee, this lease and the terms hereunder shall terminate with. If notice given by mail, the lease and terms hereunder shall terminate three days after mailing. Lessee shall have the option to return any rental thereon or refund to the party entitled to the same as liquidated damages, or being unable to do so, that the actual damages for such early termination or termination would be impossible to determine. In the event of such termination, Lessee shall remain liable to Lessor for unpaid rental and for any damage suffered by Lessor as a result of such early termination.

16. Any notice given by one party hereto to the other party in writing and shall be given either by personal service or by mail posted within the State of California, with postage prepaid, addressed to Lessor at 9301 Glenoaks Blvd., Sun Valley, Ca. 91352

and to Lessee at 8750 Ventura Avenue, Sun Valley, California. Notices shall be effective three days after they are deposited in the mail.

17. Time is of the essence of this lease. Subsequent acceptance of rent hereunder by Lessor shall not be deemed to waive or excuse any preceding breach of any obligation hereunder other than the failure to pay the particular rental accepted and the waiver by Lessor of any breach of covenant or condition shall not constitute

a valve or any other device, regardless of its knowledge of the
consent of Lessor to any assignment of such lease shall not be deemed
consent to any other assignment or sublease.

18. Lessee agrees that Lessor at Lessor's option may install and operate
a collection system to remove any gases generated by the incineration
of material that has been placed in or on the premises.
Lessor agrees that the system shall be so designed and installed
as to cause a minimum of interference with the use of the leased
premises. Pipes connecting extraction units shall be
installed below the surface of the ground and the flow of gas
in the system shall be out into the open air.

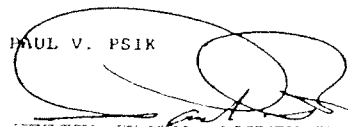
~~19. Lessor understands that Conrock Company has an easement for an under-
ground pipe, (16 inches in diameter) in the shaded blue area of
Exhibit "A" attached. Lessee further agrees to allow Conrock Company
on subject property to make any necessary repairs.~~

20. Lessor herein agrees to rent the premises back from Lessee on a month
to month basis for the same rent that Lessee is paying until such time
as Lessee gives Lessor notice of his interest to occupy the premises.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to
be executed by their officers thereunto duly authorized as of the day
and year first hereinabove written.

AGOP BERGHODIAN


LESSOR


PAUL V. PSIK

LESSEE

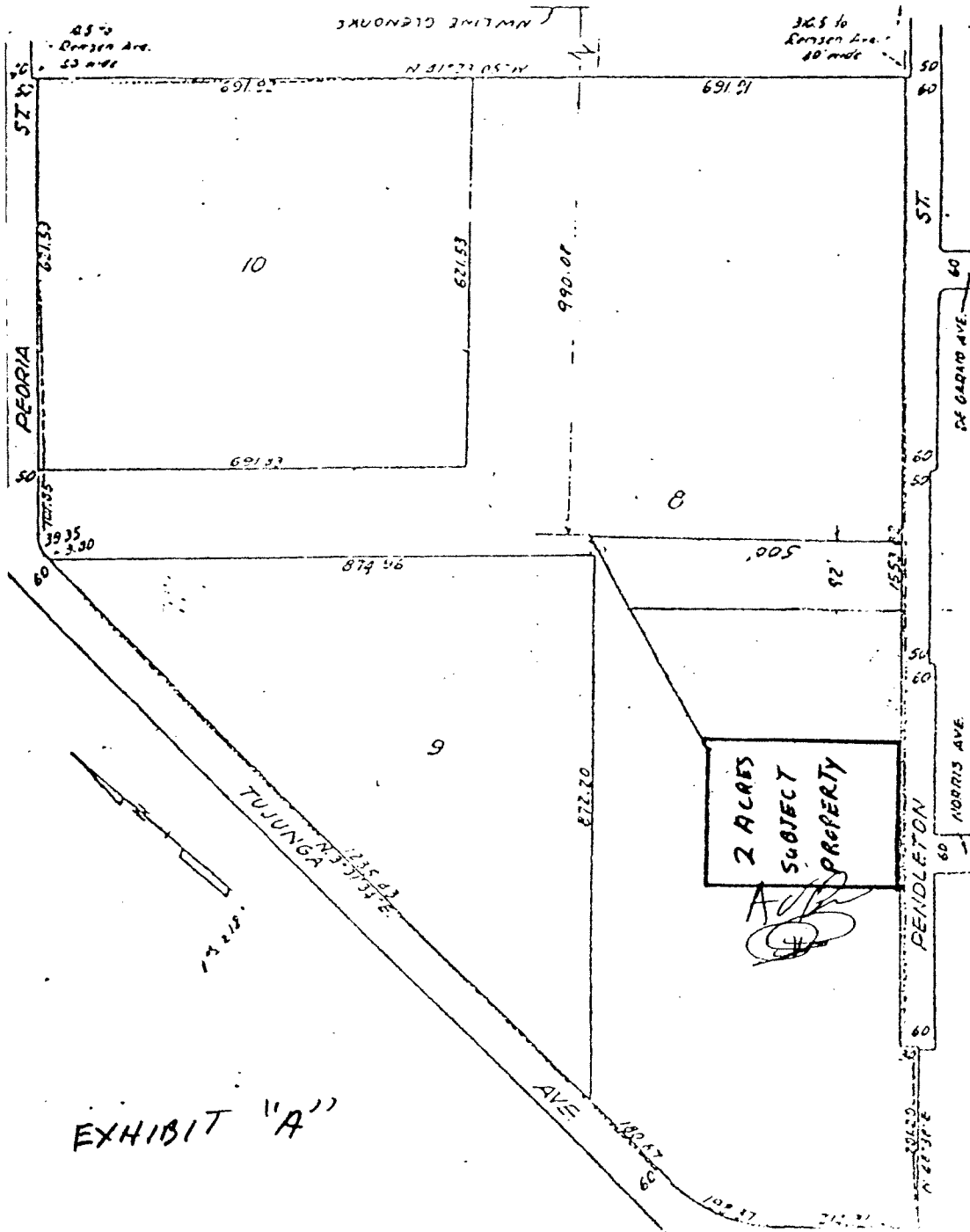


EXHIBIT "A"

ASSIGNMENT OF LEASE

This Assignment of Lease, dated June 21, 1984, 19__, is made by and between AGOP BERGHOUDIAN ("Agop") and PAUL V. PSIK ("Paul") with reference to the following facts:

A. On or about May 5, 1981, California Portland Cement Company, a corporation ("CPC") leased the following described property to A-1 Scrap, Inc., a California corporation:

Portions of Lots 8 and 9 of Tract 9329, as shown in Book 179, pages 9 and 10 of Maps, Official Records of Los Angeles County, California (the "Premises").

B. On or about February 1, 1982, CPC and Paul entered into a lease ("Lease") for the Premises which superceded the lease described in Recital A above.

C. Pursuant to that certain Assignment of Lease dated February 15, 1983, Paul assigned his interest in the Lease and Premises to Agop. Agop and Paul acknowledge that the Assignment of Lease inadvertently referred to the lease described in Recital A. By this reference, Paul and Agop agree that all references to "lease" in the Assignment of Lease shall be deemed to refer to the Lease defined in Recital B above.

D. Pursuant to that certain lease dated February 15, 1983 ("Sublease"), Agop subleased his interest in the Premises to Paul.

E. The parties currently are in the following landlord-tenant relationships with respect to the Premises: CPC is Landlord under the Lease; Agop is tenant under the Lease and sublandlord under the Sublease; and Paul is subtenant under the Sublease. The parties desire and intend by this Assignment of Lease that Agop shall assign his interest in the Lease and Sublease to Paul, such that Paul's interest as Sublandlord and Subtenant under the Sublease shall merge, causing the Sublease to terminate, and that Paul shall be deemed the tenant under the Lease with CPC.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions set forth below, the parties hereby agree as follows:

1. Agop hereby assigns to Paul all of his right, title and interest as Lessee under the Lease and Paul hereby accepts the assignment and assumes all of Agop's obligations as Lessee under the Lease.

2. Agop hereby assigns to Paul all of his right, title and interest as Sublessor under the Sublease and Paul hereby accepts the assignment and assumes all of Agop's obligations as Sublessor under the Sublease.

3. Agop hereby represents and warrants that (a) he has full power and capacity to assign the Lease and Sublease; and (b) has not previously assigned, sublet, transferred or quit-claimed any interest in the Lease, Sublease, or the Premises, except as set forth in the recitals to this Assignment of Lease.

4. Paul represents and warrants that (a) he has full power and capacity to assume the obligations of Agop under the Lease and Sublease; and (b) he desires and intends that his interest as sublandlord and subtenant under the Sublease shall merge, such that the Sublease is hereby terminated and of no further force and effect.

5. In the event either party to this Assignment of Lease or CPC brings on an action or proceeding for the breach, enforcement or interpretation of this document, the prevailing party in such action or proceeding, whether or not such action or proceeding results in a judgment, shall be entitled to recover reasonable attorneys' fees against the other party in addition to whatever other relief the prevailing party may be entitled.

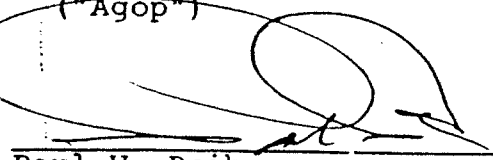
6. This document has been entered into, among other reasons, for the benefit of CPC and CPC shall have the right, as a third party beneficiary, to enforce the applicable terms hereof.

7. This is the sole agreement between the parties with respect to the matter described herein and may be amended only by a writing executed by all parties and CPC.

3/6/80
Date

AV Berghoudian
Agop Berghoudian

5-29-84
Date

By _____
Gary Avakian,
his attorney in fact
("Agop")


Paul V. Psik
("Paul")

CONSENT OF LESSOR

CALIFORNIA PORTLAND CEMENT COMPANY, a corporation ("CPC"), as Lessor under the Lease hereby consents to the assignments described in the foregoing document, provided that by this consent, CPC does not waive its right to consent or approve any subsequent assignments, sublettings or transfers of the Lease or the Premises.

CALIFORNIA PORTLAND CEMENT
COMPANY, a corporation

Date

June 21, 1984

By

W. J. Conroy



PICK YOUR PART™

CORPORATE OFFICES

1301 E. Orangewood
Anaheim, CA 92805
(714) 385-1522

March 21, 1989

CalMat Land Co.
3200 San Fernando Road
Los Angeles, CA 90065

Attn: Brian Ferris

RE: Purchase of Gregg Landfill 9/30/88

Dear Brian:

With reference to the above, please be advised that I am still missing the following leases previously requested:

- 1) E Z Auto
- 2) Crossroads Chevrolet - Master Lease
- 3) M & N Auto Dismantlers - Sublease
- 4) Champion Auto Parts - Sublease

All of the above tenants, except Crossroads Chevrolet, were on the property when escrow closed. However, the lease files are incomplete.

Please forward the copies as expeditiously as possible. Thank you for your assistance.

Very truly yours,

Cindi R. Galfin
Property Division Controller
Assistant Secretary

CRG/jc



CalMat Co

CHANGE NOTICE NO. 1367EFFECTIVE 12/31/92CALMAT CO. DIVISION CEMENTSITE NAME CALMATPROPERTY FILE NO. 003-07-15 CA-LW-2/A-320-007CITY SUN VALLEYCOUNTY LOS ANGELES

PERMANENT SITE NO.

COST CENTER OR OPERATING NO.

TAX PARCEL NO.

CA-LW-2/AL08402538-010-002,006

NATURE OF CHANGE

LEASE TERMINATION-A-1 SCRAPGROSS ACRES ±6.0

NET ACRES

DESCRIPTION OF CHANGE

EFFECTIVE 12/31/92 the lease with A-1 SCRAP was terminated, in accordance with the terms of the Lease.

BRIEF PROPERTY DESCRIPTION

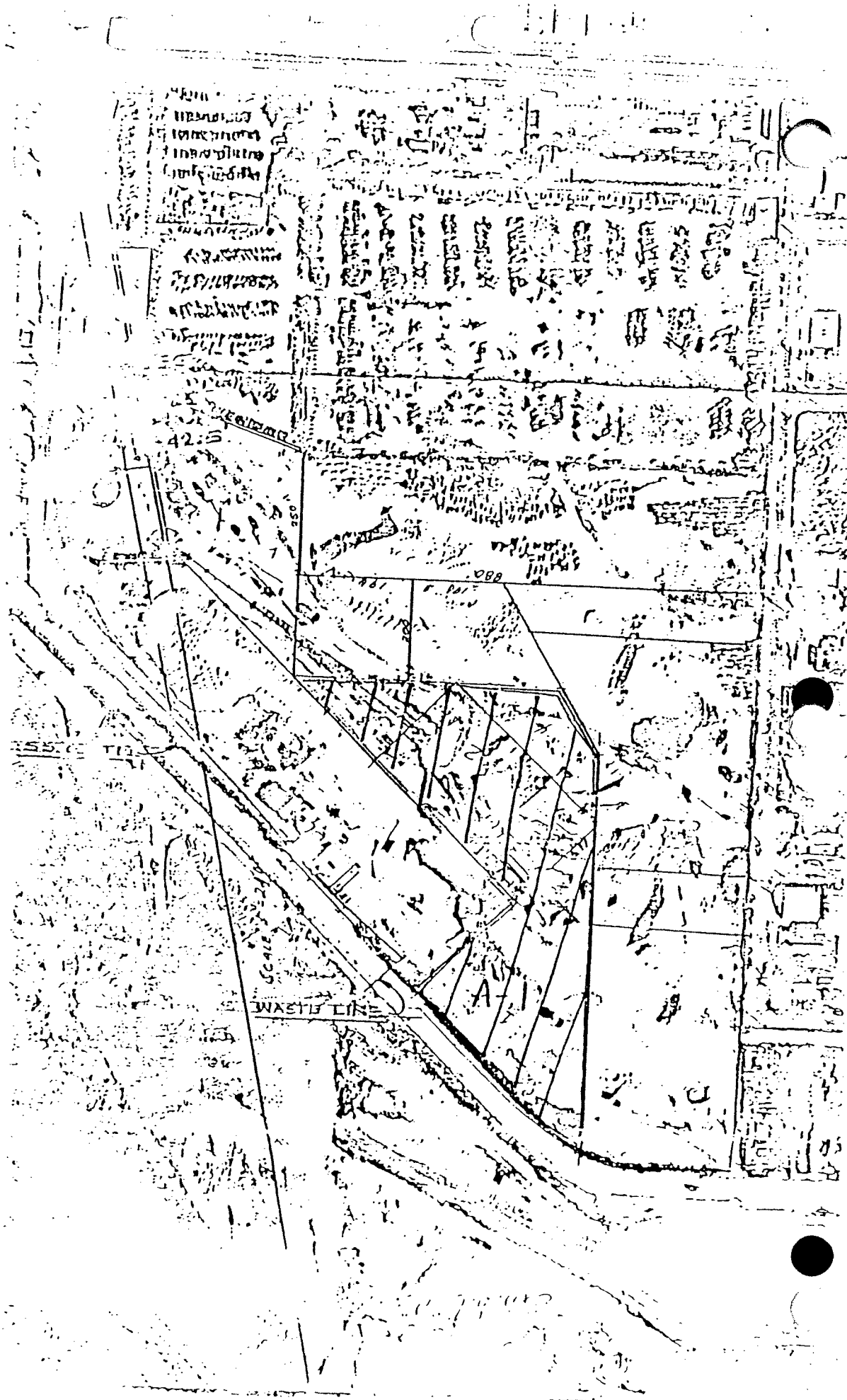
DISTRIBUTION:

J. Dean
A. Ortiz
M. Reid
S. Wilcott
File

DATE 10/25/9311/15/93 S.F.

Gene R. Block
Gene R. Block

Deleted 4/14/02



LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter called "Lease") is entered into this 15th day of January 1993, by and between CALMAT CO., a Delaware Corporation (hereinafter called "Landlord"), and PICK YOUR PART AUTO WRECKING, INC., a California Corporation (hereinafter called "Tenant").

RECITALS

A. Landlord is the owner of that certain premises situated in the County of Los Angeles, State of California ("the "Premises"), consisting of approximately 8.76 acres as shown outlined in red on the map attached hereto and incorporated herein as Exhibit "A".

B. Tenant desires to lease from Landlord, and Landlord desires to let to Tenant the Premises, upon the following terms and conditions.

AGREEMENT

1. Lease. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and upon the covenants and conditions hereinafter provided, the Premises. Landlord does not lease, but as between Landlord and Tenant specifically hereby reserves to itself, its successors in interest and assigns, all of the oil, gas, hydrocarbonous substances, minerals and mineral rights in and under the land described as the Premises, with the right to explore therefore, sell, lease, and/or remove same; provided, however, that Landlord will not do any exploration or other work which will materially affect Tenant's use under this Lease. Landlord also reserves to itself, its successors in interest and its assigns, an exclusive easement ("Right of Way") upon, across, under, over and through that portion of the Premises described in Exhibit "A" attached hereto, for the purpose of operating, constructing, altering, expanding, replacing, repairing, and maintaining one or more conveyor systems, and water pipelines, and uses incidental thereto,

together with the right to use and keep all of said Right of Way free and clear of any and all obstructions, including the right to trim, cut, or remove vegetation or trees which may interfere with Landlord's use and enjoyment of the Right of Way. The Right of Way reserved herein includes the right of reasonable entry upon the Premises for the purpose of engaging in the operation, inspection, maintenance, repair, improvement and replacement of the conveyor systems and pipelines, and the exercising of the other rights herein granted. Said right of entry may be exercised by trucks, automobiles, and other vehicles or by foot, as may suit the reasonable needs of Landlord.

2. Term. The Lease term shall be five (5) years, commencing on ~~April 1, 1992~~ ^{January 1, 1993} and ending on ~~March 31, 1997~~ ^{December 31, 1997}.

3. Monthly Rental. Tenant agrees to pay to Landlord, without abatement, deduction, offset or prior demand, a rental of \$28,618.92 per month, and at such rate as adjusted in accordance with the provisions of Paragraph 4, payable on the first (1st) day of each calendar month during the term hereof. In the event this Lease commences on a date other than the first day of a calendar month, rent for the first month shall be pro-rated. Should any rental not be paid when due, it shall bear interest at the lesser, ten percent (10%) or the maximum rate permitted by law to charge.

4. Rental Adjustments. The monthly rental rate provided for in Paragraph 3 herein shall be adjusted upward on each anniversary date of this Lease in the following manner; the first two (2) adjustments in the monthly rental rate shall be made in direct proportion to the proportional percentage increase in the Consumer Price Index ("CPI") between the Base Index published for ~~April 1992~~ ^{January 1993} and the ~~Comparison Index for April 1993~~ ^{January 1994} and again for ~~April 1994~~ ^{January 1995}.

The Consumer Price Index is published monthly by the U.S. Department of Labor, Bureau of Labor Statistics, All Urban

Consumers, in the Los Angeles-Anaheim-Riverside Statistical Area (1982-84=100). Each CPI adjustment shall be limited to six percent (6%) maximum and shall not be less than four percent (4%) minimum, provided however, in no event shall the monthly rental rate be reduced below the monthly rental rate payable during the immediately preceding period. Should said Bureau discontinue the publication of the CPI, or publish the same less frequently, or alter the same in some other manner, then Landlord may adopt a substitute index or substitute procedure which reasonably reflects and monitors consumer prices. The monthly rental amount shall again be increased, effective on ~~April 1, 1995~~ ^{January 1, 1996} and on ~~April 1, 1996~~ ^{January 1, 1997} by \$0.01 per square foot per month each adjustment.

5. Late Charges. Tenant's failure to pay rent may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

6. Security Deposit. As security for the faithful performance of the terms, covenants and conditions of this Lease, as well as to indemnify Landlord to the extent thereof for any damages, costs, expenses or attorneys' fees which Landlord may incur by reason of any default by Tenant under any of the terms, covenants and conditions of this Lease, Tenant hereby deposits with Landlord the sum of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00), which sum shall be paid by

Tenant to Landlord upon execution of this Lease. If Tenant shall not be in default hereunder on the expiration or termination of the lease, Landlord shall promptly repay to Tenant the then balance of said security deposit. In the event that Tenant shall be in default hereunder, on or at any time prior to the expiration or termination of this Lease, Landlord may apply the security deposit in payment of its costs, expenses and attorneys' fees in enforcing the terms hereof, and/or in payment of any damages suffered by Landlord; provided, however, that nothing herein contained shall be construed to mean that the recovery of damages by Landlord against Tenant shall be limited to the amount of the security deposit. In the event that any portion or all of the security deposit is applied aforesaid during the term hereof, then Tenant shall deposit with Landlord additional amounts so that the security deposit in the possession of Landlord shall be restored to the above-mentioned amount.

7. Improvements to the Premises. Tenant leases the Premises and the improvements thereon, if any, in an "as-is" condition. Tenant shall have the right to construct, at its sole cost and expense, such additional improvements to the premises as it deems necessary for its own use; provided however, that improvements which cost more than Five Thousand Dollars (\$5,000.00) shall not be made without Landlord's prior written approval. Such approval shall not be unreasonably withheld; provided, however, that construction of improvements, including delivery of materials to be used for the construction, shall not commence until after Landlord has received notice from Tenant stating the date on which the construction is to commence, so as to enable Landlord to post and record an appropriate notice of non-responsibility, and provided further that said improvements and construction thereof comply fully with all laws, ordinances, and governmental regulations applicable thereto. Title to all

improvements made at Tenant's expense shall remain in Tenant until expiration or termination of this Lease. Tenant shall not remove any improvements made by it and upon expiration or termination of this Lease, title to such improvements shall forthwith vest in Landlord; provided, however, that Landlord in its discretion may, by written notice to Tenant, require Tenant to remove any improvements made by Tenant on or before the date of expiration or termination, even though under the terms of this paragraph such improvements would otherwise become the property of Landlord.

8. Use of Premises. Tenant agrees that the Premises shall not be used for any purpose except for an automobile parts salvage yard, wrecked automobile storage and dismantling. Tenant agrees, at its own cost and expense, to comply with all laws, rules, regulations, ordinances and statutes of any and all municipal, county, state, and federal authorities which are now in effect or which may hereafter become effective pertaining to the use of the Premises and its occupancy by Tenant. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance. Tenant shall not occupy or use the Premises during the term of this Lease in such manner as to interfere with Landlord's use or occupancy of the property or any property adjacent to the Premises, or to interfere with the use of the Premises or any part thereof after termination of this Lease. Landlord makes no warranty or representation as to the suitability of the Premises for the use herein stated or any use.

9. Taxes and Assessments. Tenant shall pay or cause to be paid before delinquency all personal property taxes and all taxes levied or assessed on account of any property in, on or attached to the Premises, including without limitation property installed by or for Tenant, regardless of how, or to whom such taxes are assessed and

whether such property so installed is assessed as personal property or as a part of the real property.

Also, Tenant shall pay to Landlord as additional rental within thirty (30) days after receipt of written statement from Landlord setting forth the amount thereof, the amount of all real estate taxes, or any other form of assessment, including without limitation license taxes, commercial rental taxes, levies, charges, penalties, or similar imposition, imposed by any authority having the direct power to tax, including any city, county, State or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Premises, for a period within the term hereof. Without limiting the generality of the foregoing, the aforementioned taxes and assessments shall include: any tax on Landlord's right to rents or other income from the Premises or as against Landlord's business of leasing the Premises; any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged that Proposition 13 was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants; and any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross receipts tax or excise tax levied by the State, city, or federal government, or any political subdivision thereof, with the respect to the receipt of such rent, or upon or with

respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof. Tenant shall bear any business tax imposed upon Landlord by the State of California or any political subdivision thereof which is based or measured in whole or in part by amounts charges or received by the Landlord under this Lease, excluding State Franchise Taxes and Federal Income Taxes.

10. Maintenance and Repair. Tenant leases Premises in "as-is" condition based upon its own independent investigations and not on any warranty of Landlord, express or implied. Tenant's possession of the Premises shall constitute Tenant's acceptance of the condition of same. Tenant shall at its own expense maintain and keep the Premises in good repair and condition throughout the term hereof and shall pay all costs of operation and maintenance on the Premises whether ordinary or extraordinary and foreseen or unforeseen, including but not limited to all costs incurred due to the negligence, carelessness, misconduct or fault of Tenant or its agents, licensees, or invitees. Without limiting other provisions of this Lease, all damage caused by removal of trade fixtures by Tenant shall be promptly repaired to Landlord's reasonable satisfaction by Tenant before the termination date of this Lease. Landlord shall not be required to make any improvements, alterations, changes, additions, repairs or replacements whatsoever in or to the Premises. Tenant waives all provisions of law, including but not limited to Civil Code Sections 1941 and 1942, with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the cost of such repairs from rent. Should Tenant at any time during the term hereof fail to keep the Premises or the appurtenances thereof in good condition, order or repair as required, Landlord or its

agents may enter the Premises to perform maintenance or make repairs and the cost of same shall be added to and become a part of the installment of rent next coming due hereunder and shall be so paid by Tenant to Landlord as additional rental.

Upon the expiration of this Lease or upon any termination herein provided, Tenant shall at its sole cost and expense clean up and remove from the Premises all personal property, rubbish and debris and turn over the Premises to Landlord in good order and in a safe, sanitary condition. Should Tenant fail to do so, Landlord may at its option make those removals or do such work as shall be required to return the Premises to an orderly and safe, sanitary condition and the cost thereof to Landlord shall be immediately reimbursed by Tenant to Landlord.

11. Condemnation. If all the Premises, or such a portion thereof as to leave the remainder unusable by Tenant for its intended use hereunder, shall be appropriated or taken by any governmental authority under eminent domain proceedings or otherwise (which taking shall include a sale by Landlord to any governmental authority, either after an action is filed or while under the threat of a taking), then this Lease shall terminate at the time of actual physical taking of possession by such governmental authority, and Landlord and Tenant shall thereupon be released from all liabilities thereafter accrued under this Lease.

In the event that any portion of the Premises is so taken, and the remaining portion is still usable to Tenant for its intended use hereunder, then this Lease shall remain in full force and effect as to such remaining portion, and there shall be no abatement of rent. Tenant's rent for the remaining portion shall be calculated by multiplying the remaining usable square feet by the then current lease rate per square foot being paid by Tenant one month prior to such Premises reduction. Tenant waives the provisions of Code of

Civil Procedure Section 1265.130 and all other provisions of law permitting it to petition for termination of this Lease.

In the event of any such taking, neither this lease nor the leasehold interest created herein shall be an asset of Tenant, and Landlord shall be entitled to receive the entire award or compensation arising from the taking; provided, however, that Tenant shall be entitled to receive any amount awarded as compensation for the taking of crops, fixtures and equipment owned by Tenant and which would not, by the terms of this Lease, become property of the Landlord.

12. Consents and Waivers. The giving of any consent, or the waiver of any requirement of its consent, hereunder by Landlord or the breach by Tenant of any provisions requiring such consent of Landlord, shall not annul or render operative any provisions hereof requiring such consent. No consent given by Landlord to any act or omission of Tenant shall be construed as a consent to any other or further or different act or omission. No act or omission, acquiescence or forgiveness by Landlord of any failure by Tenant to perform any terms or conditions of this Lease shall be deemed or construed to be a waiver by Landlord of the right, at all times thereafter, to insist upon the full and complete performance by Tenant of the terms and conditions of this Lease. The acceptance of rent hereunder by Landlord shall not be deemed a waiver of any breach hereunder by Tenant other than the failure to pay the particular rental so accepted. No waiver by Landlord of any breach by Tenant hereunder shall constitute a waiver of any other breach of Tenant, regardless of knowledge of Landlord thereof. The rights and remedies of Landlord hereunder are cumulative and shall not be deemed to be exclusive of any other remedy or right conferred by law, and the exercise by Landlord of any right or remedy (whether conferred hereby or conferred by law) shall not impair Landlord's right to

exercise any other right or remedy.

13. Liens. Tenant agrees to pay any and all liens and claims that may be asserted or claimed against the Premises by reason of anything done or ordered to be done by Tenant in, on, or about the Premises and that if any such lien shall be asserted against the Premises or if any execution or judgment against Tenant upon any claim, suit or proceeding against Tenant shall be levied against the Premises or against any interest therein, then Tenant, within thirty (30) days after the same shall have been levied, shall cause the same to be discharged or paid or make adequate provisions satisfactory to Landlord for the payment, satisfaction, or discharge of the same; provided, however, that nothing herein contained shall be construed so as to prevent Tenant from contesting in good faith the legality of any such lien, claim or levy, provided that Tenant furnish to the Landlord a good and sufficient bond in an amount and in form and with surety satisfactory to the Landlord, fully protecting Landlord against any loss, damage, costs or expense arising by reason of any such lien, claim or levy pending the final determination thereof.

14. Landlord's Entry. Landlord or its agents shall at all reasonable times have the right to enter the Premises and any structures thereon for the purpose of examination and inspection, or making repairs at Tenant's expense which Tenant has failed to make, or exercising any of the rights of Landlord under this Lease, or for posting notices required or permitted by law. Landlord reserves the right of entry to show the Premises to prospective brokers, agents, tenants or purchasers and to place and maintain "For Rent", "For Lease" or "For Sale" signs in one or more conspicuous places on the Premises.

15. Safety. Tenant shall adopt whatever measures may be necessary for properly policing the Premises and

maintaining reasonable standards of safety and for the prevention of dumping or similar activities on the Premises.

Tenant agrees at all times during the term of the Lease that it will be its sole responsibility to assure compliance with the requirements of the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq., the Federal Mine Safety and Health Act of 1977, 30 U.S.C. Section 801 et seq., and the California Occupational Health and Safety Act of 1973, Labor Code Section 6300 et seq. (referred to hereinafter as "the Acts"), to the extent that the Acts apply to the Premises and any activities thereon.

Without limiting the foregoing, Tenant agrees to maintain all working areas, all machinery, structures, electrical facilities and the like upon the Premises in a condition that fully complies with the requirements of the Acts, including such requirements as would be applicable with respect to agents, employees or contractors of Landlord who may from time to time be present upon the Premises.

16. Hazardous Material/Waste.

(a) Tenant warrants and represents to Landlord:

(i) Tenant shall not permit any "Hazardous Materials," as hereinafter defined, to be brought upon, stored, manufactured, on or transported from the Premises, except for petroleum products which are commonly used and necessary in Tenant's business of dismantling wrecked automobiles, and storage of used auto parts.

(ii) Tenant shall at all time be in compliance with all environmental laws applicable to the Premises.

(b) Tenant shall indemnify, defend and hold Landlord harmless against any and all claims, damages, enforcement actions, remedial actions, liabilities, losses, cost and expenses arising out of the presence of any Hazardous Materials on the Premises. Landlord shall have the right to enter on the Premises to conduct an environmental assessment

at any time during the Lease term. If Hazardous Materials are detected, the cost of this assessment will be paid for by Tenant. Tenant shall be required to take all remedial action necessary to insure clean-up of any Hazardous Materials present on the Premises and to comply with all environmental laws applicable at the end of the Lease term.

(c) The term "Hazardous Material(s)" shall mean any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), and all of those chemicals substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner, based directly or indirectly upon such properties or effects, pursuant to any applicable environmental law.

(d) The term "environmental law(s)" shall mean any and all federal, state, or local environmental, health and/or safety-related laws, regulations, standards, court decision, ordinances, rules, codes, judicial or administrative orders or decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future, which are or become applicable to Tenant, Tenant's operations or the Premises.

(e) The provision of this Paragraph shall be in addition to, and shall not diminish in any way, any other provision of this Lease requiring Tenant's compliance with law or Tenant's obligation to defend and indemnify Landlord.

17. Indemnification and Exculpation of Landlord.

Tenant shall indemnify Landlord and save him harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from or out of any occurrence in, upon or at the Premises or the improvements, or the occupancy or use by Tenant of the Premises or improvements or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees or servants. In the event Landlord is made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection therewith.

Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property from any cause whatsoever. Without limiting the foregoing, Landlord shall not be liable to Tenant or any other person for any damage caused or contributed to by the condition of the Premises or any failure to repair same, or by the making of any repairs, alterations, or additions thereto; it being expressly acknowledged that Tenant has sole responsibility for repair and maintenance of the Premises. Tenant waives all claims against Landlord for damage to person or property arising for any reason.

18. Insurance. Tenant shall keep in full force and effect during the term of this Lease, Workers' Compensation Insurance covering all employees of Tenant with a waiver of subrogation as to Landlord and public liability and property damage insurance covering all its operations on or related to the Premises. The limits of such public liability and property damage insurance shall not be less than ~~Two Million Dollars (\$2,000,000.00)~~ ^{One Million Dollars (\$1,000,000.00)} combined single limit. ^{w/ a Two Million Dollar (\$2,000,000.00) aggregate.} All such public liability and property damage

policies shall be procured and maintained through an insurance broker and company acceptable to Landlord (which acceptance shall not be unreasonably withheld), shall name Landlord as an additional insured, shall provide for at least thirty (30) days' notice to Landlord in the event of cancellation or termination, and shall contain cross-liability endorsements in substantially the following form:

"The inclusion of more than one corporation, person, organization, firm or entity as insured under this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, or brought by, or in favor of any other insured, or by or in favor of any employee of such other insured."

Certified copies of such insurance policies or certificates evidencing such insurance shall at all times be supplied to Landlord. Tenant shall immediately notify Landlord of any lapse, termination or cancellation, actual or contemplated, of such policies. Insurance requirements shall be subject to reasonable revision by Landlord in the event Tenant's activities change to such an extent as to make additional protection necessary.

19. Default. If one or more of the following events shall occur:

(a) Tenant shall default in the payment of rent or in the payment of any sum due and owing by Tenant to Landlord and shall fail to rectify said default within three (3) days after being served with written notice thereof by Landlord;

(b) Tenant shall make an assignment for the benefit of creditors;

(c) Tenant shall file a petition or answer seeking reorganization or arrangement under any laws of the United States relating to bankruptcy or any other applicable statute;

(d) An attachment or execution shall be levied

upon Tenant's property or interest under this Lease, and shall not be satisfied or released within thirty (30) days thereafter unless Tenant protects Landlord by bond or other security acceptable to Landlord;

(e) An involuntary petition in bankruptcy shall be filed against Tenant, or receiver or trustee for all or any part of property of Tenant under this Lease shall be appointed by any court, and such petition shall not be withdrawn, dismissed or discharged, or such receiver or trustee removed, within sixty (60) days from filing or appointment thereof; or

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provisions or condition to be performed or kept by Tenant under the terms and provisions of this Lease and such default shall continue for thirty (30) days after written notice thereof given by Landlord to Tenant; then, and in any or either of such events Landlord may, at its option, terminate this Lease by serving written notice thereof on Tenant, and, with or without process of law, re-enter and take complete possession of the Premises, and with or without process of law remove all persons therefrom, and all right, title and interest of the Tenant, in and to the Premises shall immediately thereupon cease and terminate, and Tenant hereby covenants in such event to peacefully and quietly yield up and surrender said Premises to Landlord, remove from the Premises all Tenant's personal property, and clean up and remove all rubbish and debris, and restore and leave the Premises in an orderly, safe and sanitary condition, all within thirty (30) days after service of such notice, and to execute and deliver to Landlord such instrument(s) as will properly evidence termination of its rights hereunder and its interest herein as shall be required by Landlord. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) of this paragraph is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subparagraph (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Even though Tenant may be in default under this Lease and has abandoned the Premises, Landlord may continue the Lease in effect for so long as Landlord does not terminate the Tenant's right to possession, and Landlord may enforce all his rights and remedies under this Lease, including the right to recover the rentals as they become due under the Lease. Landlord shall not be deemed to have terminated this Lease by his acts of maintenance or

preservation or efforts to relet the Premises, the appointment of a receiver on initiation of Landlord to protect its interest under this Lease, or by any action in unlawful detainer, unless Landlord notifies Tenant in writing that he has elected to terminate the Lease, and Tenant further covenants that service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession by Tenant pursuant to such notice shall not, unless Landlord elects to the contrary in writing at the time of, or at any time subsequent to the service of such notice, be deemed to be a termination of this Lease.

20. Holding Over. Should Tenant hold over or continue in possession of the Premises after the term hereof, with the consent of Landlord thereto, either expressed or implied, such holding over shall be a tenancy from month to month subject to all the terms of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted to Tenant under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy. The monthly rental shall be adjusted to month to month rental rate, determined to be not more than One Hundred Twenty Percent (120%) of monthly rent paid for the month prior to expiration of the lease term.

21. Notices. Whenever in this Lease it shall be required that notice or demand be given or served by either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by registered or certified mail, postage prepaid, addressed as follows:

To Landlord: CalMat Properties Co.
12901 Ramona Blvd., Ste E
Irwindale, CA 91706
Attn: Property Manager

To Tenant:

PICK YOUR PART AUTO WRECKING
1301 Orangewood Ave. Ste 130
Anaheim, CA 92805
Attn: Cindi Galfin, Controller

or elsewhere, as the respective parties hereto may from time to time designate in writing. Any notice given by certified or registered mail shall be deemed to have been given not later than forty-eight (48) hours after having been deposited in the United States mail.

22. Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise encumber (which term without limitation shall include the granting of concessions or licenses) the whole or any part of the Premises. Any assignment, sublease, or encumbrance (which terms are hereinafter collectively designated as a "transfer") made without the prior written consent of Landlord shall be void and of no force and effect. No consent to any transfer shall constitute a further waiver of the provisions of this paragraph.

As a precondition to Landlord's consideration for approval of any proposed transfer, Tenant shall submit to Landlord in writing:

- (a) The name and legal composition of the proposed transferee;
- (b) The proposed transferee's intended use of the Premises, which shall not be other than the specific use authorized by this Lease;
- (c) Such information as to the proposed transferee's financial responsibility, business experience, and standing as Landlord may reasonably require;
- (d) A written consent of the proposed transferee to all the terms and conditions of this Lease and said transferee's consent to the incorporation of the terms and conditions of this Lease into any document of transfer and;
- (e) All of the terms and conditions upon which the proposed transfer is to be made.

No transfer permitted by Landlord shall relieve Tenant of its obligation to pay rent and to perform all of the other obligations to be performed by Tenant hereunder. Before any such transfer permitted by the terms of this Lease become effective for any purpose, transferees must in writing assume all of the obligations of this Lease and agree to be bound by all the terms of this Lease without in any way limiting or relinquishing or discharging the original Tenant from any liability under any provisions of this Lease on account of such transfers. Acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver of this provision or of any provision of this Lease.

In the event of default by any transferee or Tenant or any successor of Tenant, in the performance of any of the terms of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said transferee. Landlord may consent to subsequent transfers of this Lease or amendments or modifications to this Lease with transferees of Tenant without notifying Tenant or any successor of Tenant and without obtaining its or their consent thereto and such action shall not relieve the Tenant or Tenant's successor of liability under this Lease. Notwithstanding any transfer, or any indulgences, waivers or extensions of time granted by Landlord to any transferee, or failure by Landlord to take action against any transferee, Tenant waives notice of any default of any transferee and agrees that Landlord may at its option proceed against Tenant without having taken action against or joined such transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such transferee. Landlord's written consent to any transfer by Tenant shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by Tenant, nor shall such consent

be deemed a waiver of any then existing default.

Tenant immediately and irrevocably assigns to Landlord as security for Tenant's obligations under this Lease, all rent from any transferee, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

Ninety percent (90%) of all rent received from its transferee in excess of the rent payable by Tenant to Landlord under this Lease is hereby assigned to Landlord and shall be paid to Landlord by Tenant promptly after receipt.

If Tenant is a corporation, the stock of which is not traded through an exchange or over the counter, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of more than fifty percent (50%) of the value of the assets of Tenant, shall be deemed a voluntary transfer. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possession more than fifty percent (50%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

23. Utilities. Tenant shall pay all charges for electricity, light and power, telephone, gas, water and all similar charges which may accrue with respect to the Premises during the term of this Lease. Tenant shall, at its sole cost and expense, have all utilities required for its use brought onto the premises except that Landlord shall have water brought onto the premises and have installed an outdoor water spigot for tenant's use. Tenant shall have any repairs done to the water line at its sole cost and expense.

24. Insolvency of Tenant. This Lease and the interests of Tenant hereunder shall not be subject to garnishment or sale under execution in any suit or proceeding which may be brought against or by Tenant, without the written consent of Landlord.

25. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term of this Lease and shall not permit the Premises to remain unoccupied except during the making of such repairs or restoration as may become necessary under the provisions hereof.

26. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

27. Subordination Agreement. Tenant shall, upon Landlord's request, execute an estoppel certificate and any instrument or instruments permitting a mortgage or deed of trust to be placed on the Premises, or any part thereof covered by said mortgage or deed of trust, and subordinating this Lease to said mortgage or deed of trust.

29. Signs. Tenant shall not place nor permit to be placed any sign on the Premises without the prior written approval of Landlord.

30. Interpretation. Time is of the essence of this Lease. Paragraph headings do not limit or add to the provisions of this Lease; on the contrary, they are to be disregarded upon any interpretation thereof. The language in all parts of this Lease shall be in all cases construed according to its fair meaning, and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force

and effect and shall in no way be affected, impaired or invalidated thereby; provided, however, this Lease can be reasonably and equitably continued with the remaining provisions only.

31. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors and assigns of the parties hereto, subject to the provisions herein as to assignment and subletting.

32. Quiet Possession. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

33. Cost of Litigation. If either party is compelled to incur any expenses, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party.

34. Relations of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of a joint venture between Landlord and Tenant.

35. Real Estate Brokers; Finders. Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Lease in any manner. Tenant shall hold Landlord harmless from all damages resulting from any claims that may be asserted against Landlord by any broker, finder, or other person with whom Tenant has or purportedly has dealt.

36. Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby and no other agreement, statement or promises made by any party hereto or to any employee or agent of any party hereto which is not contained herein shall be binding or valid.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first-above written.

TENANT:

PICK YOUR PART
AUTO WRECKING, INC.

BY: Glenn McElroy
Glenn McElroy, Owner
President

BY: _____

DATE: 1/28/93

LANDLORD:

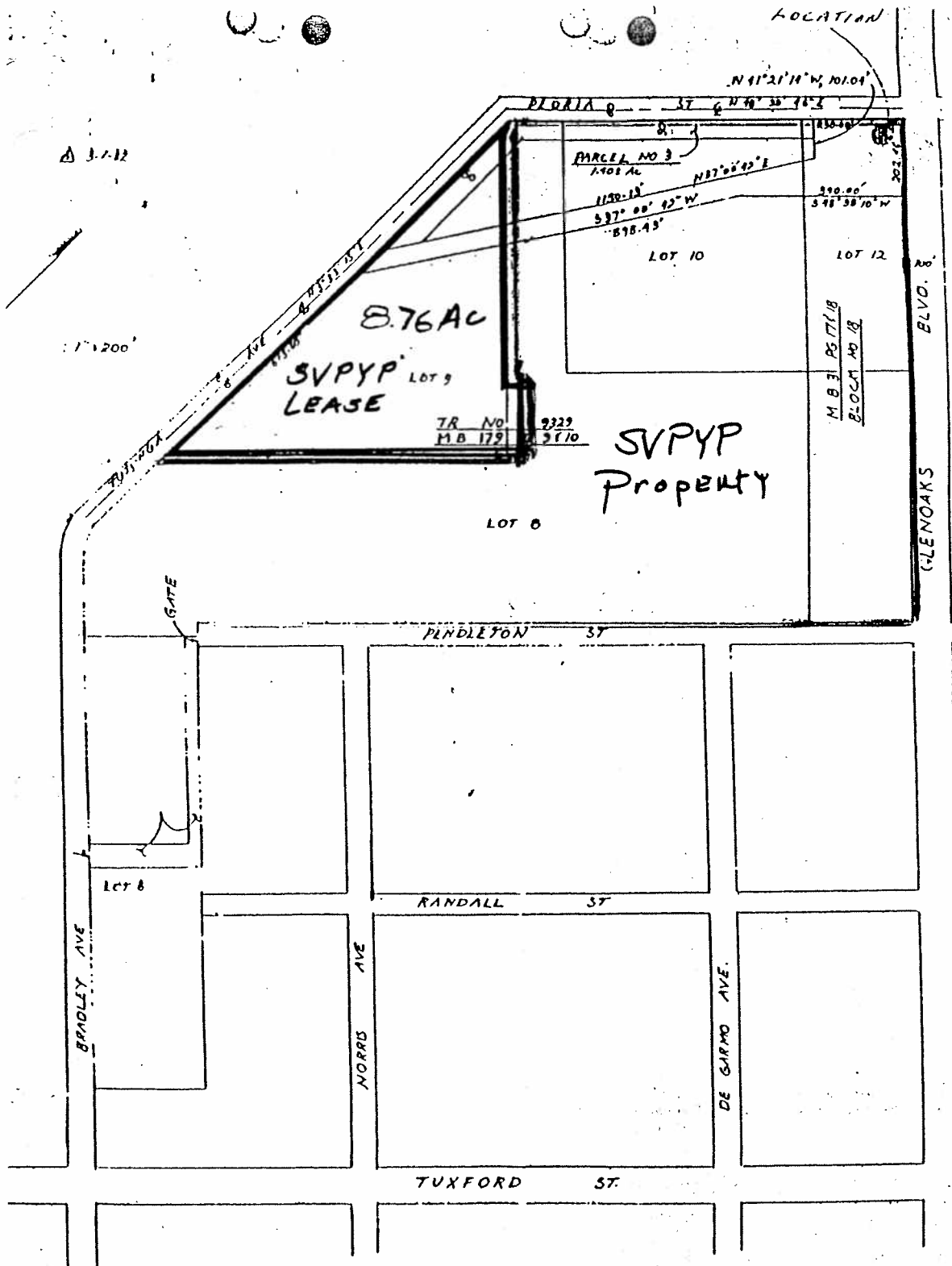
CALMAT CO.

BY: G.H. Weber
G.H. Weber, Vice President

BY: _____

DATE: FEB 3 1993

////////



INITIALS
<i>[Signature]</i>
LANDLORD
TENANT

EXHIBIT A

ASSIGNMENT OF BUYER'S RIGHTS TO ACQUIRE REAL PROPERTY

WHEREAS, on or about August 21, 2001, PICK YOUR PART AUTO WRECKING, a California corporation ("PICK YOUR PART"), as "Buyer", and CALMAT PROPERTIES CO., a California corporation ("CALMAT"), as "Seller", entered into a certain Purchase and Sale Agreement and Joint Escrow Instructions;

WHEREAS, said agreement was amended by that certain Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated October 24, 2001. The original agreement and amendment thereto are hereinafter referred to collectively as the "Agreement";

WHEREAS, pursuant to the Agreement, CALMAT agreed to sell to PICK YOUR PART and PICK YOUR PART agreed to purchase from CALMAT certain real property consisting of approximately 8.76 acres located at 9228 Tujunga Avenue, Sun Valley, California, as more particularly described in the Agreement;

WHEREAS, in order to facilitate the purchase and sale transaction, the parties have opened an escrow at Commerce Escrow Company, 1545 Wilshire Blvd., Los Angeles, California 90017, designated as Escrow No. 01-37507 (the "Escrow"); and

WHEREAS, pursuant to Section 17.(a) of the Agreement, PICK YOUR PART desires to assign to HAYWARD ASSOCIATES, a California general partnership ("HAYWARD"), all of PICK YOUR PART's rights to acquire the subject real property under the terms of the Agreement and Escrow.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, PICK YOUR PART hereby sells, assigns and transfers to HAYWARD all of PICK YOUR PART's rights to acquire the subject real property under the terms of the Agreement and Escrow.

PICK YOUR PART acknowledges that it shall remain fully and primarily liable for all of its obligations under the Agreement, including without limitation the indemnity of CALMAT as set forth in Section 8.7 of said Agreement.

HAYWARD hereby accepts the foregoing assignment and assumes all of the "Buyer's" obligations under the Agreement (except for the indemnity of CALMAT as set forth in Section 8.7 thereof).

HAYWARD expressly accepts and acknowledges all of the terms and provisions of Section 8 of the Agreement, including without limitation the express release of CALMAT pursuant to Section 8.7, but expressly excluding the indemnity of CALMAT in Section 8.7. CALMAT, PICK YOUR PART and HAYWARD, and each of them, acknowledge that, notwithstanding HAYWARD's assumption of PICK YOUR PART's obligations, HAYWARD shall not be liable for the indemnity of CALMAT as set forth in Section 8.7 of the Agreement.

DATED: 12/27/01, 2001

PICK YOUR PART AUTO WRECKING,
a California corporation

By: Glenn C. McElroy
GLENN C. McELROY, President

DATED: 12/27/01, 2001

HAYWARD ASSOCIATES,
a California general partnership

By: Glenn C. McElroy
GLENN C. McELROY, General Partner

CALMAT PROPERTIES CO., a California corporation, hereby acknowledges and consents to the foregoing assignment.

DATED: January 3, 2002

CALMAT PROPERTIES CO.,
a California corporation

By: [Signature]
Its: J.P. Business Development

NOTICE TO BORROWER:

THIS NOTE CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE AND REQUIRES A BALLOON PAYMENT AT MATURITY.

PROMISSORY NOTE SECURED BY DEED OF TRUST

U.S.\$250,000

Los Angeles, California

March 29, 2002

Borrower's Promise to Pay. FOR VALUE RECEIVED, the undersigned, Hayward Associates, a California general partnership promises to pay to the order of R.E. Accomodation Company, a California corporation, at 4041 McArthur Blvd., Suite 350, Newport Beach, California, 92660-2511, or such other place as Lender from time to time may designate, the principal sum of Two Hundred and Fifty Thousand Dollars (\$250,000), together with interest from the Disbursement Date on unpaid principal and on unpaid interest until paid, in full with principal and interest payable as provided below in lawful money of the United States.

1. Definitions. Capitalized terms in this Note that are not defined when first used have the meanings set forth below:

(a) Amortization Period. The "Amortization Period" shall mean the fifteen (15) year period beginning on the date of this Note.

(b) Announcing Bank. The "Announcing Bank" shall mean BankAmerica Corp.; provided, however, that should BankAmerica Corp. cease to announce a Base Rate, then from and after the date of such cessation the term "Announcing Bank" shall mean the largest commercial bank (in terms of capital and surplus) that has its principal offices in California and that publicly announces a Base Rate. As of the date of this Note, BankAmerica Corp. uses the term "Prime Rate" to identify its Base Rate. Borrower acknowledges that regardless of the term used by the Announcing Bank to identify its Base Rate, the Base Rate is not necessarily the lowest rate of interest charged by the Announcing Bank on short-term unsecured commercial loans.

(c) Base Rate. The "Base Rate" shall be the annual rate of interest from time to time publicly announced or reported by the Announcing Bank as the rate used as a reference or base to establish the actual interest rates charged on short-term unsecured commercial loans made by the Announcing Bank. If the Announcing Bank announces more than one such reference or base rate, then the Base Rate shall be the highest of such rates.

(d) Borrower. "Borrower" includes the undersigned maker of this Note and any other person or entity that may acquire any interest in the real property described in the Deed of Trust.

(e) Business Day. "Business Day" shall mean any day on which banks, savings and loan associations, savings banks, or other financial institutions are generally open for regular banking business in the state in which this Note is payable.

(f) Deed of Trust. The "Deed of Trust" is the Deed of Trust With Assignment of Rents (Long Form) dated the same date as this Note which constitutes a lien on certain real property located at 9228 Tujunga Avenue, Sun Valley, California, and more particularly described in the Deed of Trust (the "Property").

(g) Disbursement Date. The "Disbursement Date" is the first date of this Note.

(h) Interest Rate. The "Interest Rate" in effect on any day shall be the rate, expressed as a percent per annum, which is the sum of (a) three percent (3%) per annum plus (b) the Base Rate expressed as a percent per annum; provided, however, that if collection from Borrower of interest at such rate would be contrary to applicable law, then the Interest Rate in effect on any day shall be the highest rate which may be collected from Borrower under applicable law.

(i) Lender. The "Lender" is R.E. Accommodation, a California corporation or, if R.E. Accommodation, a California corporation transfers this Note, any future holder of this Note.

(j) Loan Documents. The "Loan Documents" are this Note, the Deed of Trust, and any and all other instruments, certificates, agreements, guarantees and other documents executed by or at the direction or request of Borrower in connection with the loan evidenced by this Note.

(k) Maturity Date. The "Maturity Date" is April 1, 2007.

(l) Rate Adjustment Date. The "Rate Adjustment Date" shall be April 1, 2003, and each succeeding April 1.

2. Payment of Principal and Interest. Principal and interest shall be payable in accordance with the following provisions:

2.1. Interest Rate. Subject to paragraph 7 below, the unpaid principal balance of this Note and any interest not paid when due shall bear interest at the Interest Rate. The initial Interest Rate shall be established as of the Disbursement Date based on the Base Rate in effect on the Disbursement Date. Changes in the Interest Rate shall take effect on each Rate Adjustment Date.

2.2. Payment of Interest - Partial Month. On the Disbursement Date, Borrower shall make a payment of all interest to accrue hereon from the Disbursement Date to and including the last day of the month during which the Disbursement Date occurs.

2.3. Monthly Payments of Principal and Interest. On the first day of each calendar month, commencing on the first day of the second calendar month following the Disbursement Date and continuing on the first day of each calendar month thereafter to and including the first Rate Adjustment Date, Borrower shall make a monthly payment of \$2,353.19. On the first day of the first calendar month following the first Rate Adjustment Date and on the first day of each calendar month thereafter to the Maturity Date, a monthly payment of principal and interest, determined in accordance with this paragraph, shall be due and payable. On the first Rate Adjustment Date and on each succeeding Rate Adjustment Date thereafter until this Note is paid in full, the monthly payment shall be adjusted to that amount which would be sufficient to amortize the then-remaining principal balance hereon at the Interest Rate (as adjusted on said Rate Adjustment Date) over the balance of the Amortization Period. The monthly payment, as so adjusted on a Rate

Adjustment Date, shall be due and payable beginning with the first monthly payment due after said Rate Adjustment Date and continuing on the first day of each calendar month thereafter to and including the next succeeding Rate Adjustment Date. In the event the monthly payment is subject to change on any Rate Adjustment Date, as a courtesy to Borrower, Lender shall deliver to Borrower a notice specifying the adjusted monthly payment payable hereunder as of the Rate Adjustment Date; provided however, if Lender fails to give such notice prior to any Rate Adjustment Date, Borrower hereby agrees that it shall continue to make monthly payments in an amount equal to the monthly payments made prior to the Rate Adjustment Date, and within five (5) days of Lender's deliver of such notice to Borrower, Borrower shall pay to Lender the difference, if any, between the monthly payments payable commencing on the Rate Adjustment Date as set forth in the Lender's notice and the actual monthly payments made by Borrower for the period from the Rate Adjustment Date through and including the date of Lender's notice.

2.4. Payment at Maturity. The entire unpaid principal balance of this Note and all accrued but unpaid interest under this Note shall be due and payable on the Maturity Date.

2.5. Calculation of Interest. Interest payable with respect to any full calendar month shall be calculated on the assumption that such month is a 30-day month in a 360-day year. Interest payable with respect to any period that is less than a full calendar month shall be calculated according to the actual number of days in such period as a fraction of a 360-day year. Interest not paid when due (without giving effect to any grace or notice period or cure right contained herein or in any other Loan Document) shall accrue like interest as principal and shall be immediately payable.

3. Application of Payments. Except to the extent otherwise required by law or by the express terms of any other Loan Document, Lender shall apply and credit funds received by Lender pursuant to this Note or any other Loan Document in such manner and order of priority as Lender shall determine in Lender's sole discretion; provided, however, that in the absence of any contrary determination by Lender, such funds shall be applied and credited (a) first, to pay, or reimburse Lender for amounts advanced by Lender (other than principal of the loan evidenced by this Note) pursuant to any provision of the Loan Documents (including without limitation those costs and expenses described in paragraph 9), (b) second, to fund any deposits that Borrower may be required by the terms of any Loan Document to make with Lender, including any such deposits to be used to pay the cost of repairing or constructing any improvements, insurance premiums, property taxes and assessments and utility charges, (c) third, to pay any late payment charges due under this Note or any other Loan Document, (d) fourth, to pay any other sums due under the Loan Documents, excluding interest earned or accrued under this Note and principal, (e) fifth, to pay any interest earned or accrued under this Note and (f) sixth, to pay principal outstanding under this Note.

4. Prepayment. This Note may be prepaid in whole or in part at any time without penalty or premium. Concurrently with any prepayment of principal, Borrower shall notify Lender in writing that Borrower is making a prepayment in an amount specified in such written notice.

5. Security; Acceleration upon Certain Transfers. Repayment of this Note is secured by the Deed of Trust. The Deed of Trust contains a provision, commonly referred to as a "due on sale" clause, that provides as follows: "That if Trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, Beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable."

6. Default. If any payment under this Note (whether of principal or interest or both) is not paid within fifteen (15) days after the date on which the payment is due (irrespective of whether Borrower has received any notice of such nonpayment) or if any covenant or obligation made or undertaken for the benefit of Lender in any other Loan Document is not fully performed within the time required by the terms of such Loan Document, then Borrower shall be in default hereunder and Lender may elect, without any further notice or demand to Borrower, to declare all principal and accrued but unpaid interest under this Note immediately due and payable. Any failure of Lender to make such election following a default or defaults shall not constitute a waiver of Lender's right to make the election in the event of any subsequent default. Notwithstanding any provision in this Note to the contrary, from and after any default by Borrower under this Note or any other Loan Document, any principal, accrued interest, late payment charges and other amounts payable under this Note or any other Loan Document shall bear interest, compounded monthly, at the rate of the sum of five percent (5%) per annum plus the Interest Rate then in effect; provided, however, that if collection from Borrower of interest at such rate would be contrary to applicable law, then such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law.

7. Late Payment Charge. If any payment under this Note (whether of principal or interest or both and including the payment due on the Maturity Date or upon any acceleration of this Note) is not paid within five (5) days after the date on which the payment is due, Borrower shall pay to Lender in addition to the delinquent payment and without any requirement of notice or demand by Lender except as may be imposed by law a late payment charge equal to five percent (5%) of the amount of the delinquent payment. Borrower expressly acknowledges and agrees that the foregoing late payment charge provision is reasonable under the circumstances existing on the date of this Note, that it would be extremely difficult and impractical to fix Lender's actual damages arising out of any late payment and that the foregoing late payment charge shall be presumed to be the actual amount of such damages incurred by Lender. No provision in this Note (including the provisions for a late payment charge and for additional interest on any amounts remaining unpaid after the Maturity Date) shall be construed as in any way excusing Borrower from its obligation to make each payment under this Note promptly when due.

8. Costs of Collection and Enforcement. Borrower and all endorsers jointly and severally promise to pay (a) all attorneys' fees and other costs and expenses of any nature incurred by Lender in connection with this Note or the enforcement of Lender's rights and remedies under the Loan Documents, including attorneys' fees incurred by Lender for legal advice concerning Lender's rights and remedies (whether or not a default in fact occurs and whether or not any remedies are in fact exercised); (b) all attorneys' fees, as determined by the court, and all other costs, expenses and fees incurred by Lender in connection with any suit or proceeding instituted to collect this Note or to enforce Lender's rights and remedies under the Loan Documents, whether or not such suit or proceeding is prosecuted to judgment or conclusion; (c) all attorneys' fees and other costs and expenses incurred by Lender in connection with any bankruptcy, insolvency or reorganization proceeding or receivership involving Borrower or any affiliate of Borrower, including any guarantor, and including all attorneys' fees incurred in making any appearances in any such proceeding or in seeking relief from any stay or injunction issued in or arising out of any such proceeding; and (d) all attorneys' fees and other costs and expenses incurred in any appellate proceedings and any post-judgment proceedings to collect or enforce the judgment.

9. Offsets. No indebtedness evidenced by this Note shall be deemed to have been offset or shall be offset or compensated by all or part of any claim, cause of action, counterclaim or cross-claim, whether liquidated or unliquidated, which Borrower now or hereafter may have or may claim to have against Lender. Furthermore, in respect to the present indebtedness of, or any future indebtedness incurred by, Borrower to Lender, Borrower waives, to the fullest

extent permitted by law, the benefits of any applicable law, regulation, or procedure which substantially provides that, where cross-demands for money have existed between persons at any point in time when neither demand was barred by the applicable statute of limitations, and an action is thereafter commenced by one such person, the other may assert in his answer the defense of payment in that the two demands are compensated so far as they equal each other, notwithstanding that an independent action asserting the claim would at the time of filing the answer be barred by the applicable statute of limitations.

10. Certain Waivers. Borrower and all endorsers jointly and severally waive diligence, grace, demand, presentment for payment, exhibition of this Note, protest, notice of protest, notice of dishonor, notice of demand, notice of nonpayment, and any and all exemption rights against the indebtedness evidenced by this Note, and agree to any and all extensions or renewals from time to time without notice and to any partial payments of this Note made before or after maturity and that no such extension, renewal or partial payment shall release any one or all of them from the obligation of payment of this Note or any installment of this Note, and consent to offsets of any sums owed to any one or all of them by Lender at any time.

11. Notices. The provisions of the Deed of Trust concerning the giving and receipt of notices shall apply to any notice or other communication given under this Note.

12. Obligations Joint and Several. If Borrower consists of more than one person or entity, each shall be jointly and severally liable for the performance of each of the obligations of Borrower to Lender hereunder.

13. Construction of Note. Captions in this Note are included solely for convenience and are not to be referred to in construing or interpreting this Note. Each reference in this Note to a particular paragraph is a reference to a paragraph of this Note unless otherwise expressly indicated. The terms "include," "includes" and "including" are not used in any limiting sense, but rather by way of example or illustration. If any portion of this Note is declared invalid, illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed severed from this Note and the remaining portions shall continue in full force and effect. Time is strictly of the essence of each and every provision of this Note. This Note shall be governed by and interpreted and enforced under the laws of the United States and the regulations, rules, orders, requirements and policies of any federal departments, offices, bureaus, boards and other agencies, instrumentalities and authorities that have jurisdiction over Lender or this Note to the extent that Lender or this Note is subject to or governed by such federal laws, regulations, rules, orders, requirements and policies. Except as provided in the preceding sentence, this Note shall be governed by and interpreted and enforced under the laws of the State of California.

14. Payment on Business Days. If any payment to be made hereunder or under the other Loan Documents shall become due on a day other than a Business Day, such payment shall be made on the Business Day next following the day on which such payment would otherwise have been due.

15. Waiver of Jury Trial. BORROWER HEREBY WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THE ENFORCEMENT OF THIS NOTE, THE DEED OF TRUST OR ANY OTHER LOAN DOCUMENT OR WHICH IN ANY WAY ARISES OUT OF OR RELATES TO ANY OF THE FOREGOING.

Borrower:

Hayward Associates,
a California general partnership

By: Glenn C. McElroy Pres
Name: Glenn C. McElroy
Its: Managing General Partner

**AMENDMENT TO
PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Amendment") is made as of October ~~24th~~ 2001 by and between **CALMAT PROPERTIES CO.**, a California corporation ("Seller") and **PICK YOUR PART AUTO WRECKING**, a California corporation ("Buyer").

RECITALS

A. Seller and Buyer have entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions of even date herewith (the "Agreement") with respect to certain real property located in Sun Valley, in the City of Los Angeles, as described therein. All capitalized terms which are not defined herein shall have the meanings given to them in the Agreement.

B. The Agreement provides that the Due Diligence Period expires 60 days after the Opening of Escrow, and that the Closing Date is on or before 15 days after expiration of the Due Diligence Period. Buyer and Seller have agreed to shorten the Due Diligence Period so that it shall expire on December 3, 2001, and to change the Closing Date so that it shall occur on or before December 17, 2001.

C. Seller and Buyer desire to amend the Agreement to reflect the foregoing and certain other agreements as set forth below, all on the terms and conditions set forth herein.

AGREEMENT

For \$10.00 good valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. **Due Diligence Period; Closing Date.** The Due Diligence Period and the Closing Date set forth in the Agreement are hereby revised as follows: the Due Diligence Period shall expire on December 3, 2001, and the Closing Date shall occur on or before December 17, 2001.

2. **Conveyor Easement and Water Line Easement.** The form of Easement which is attached as Exhibit "A" to the Agreement is hereby deleted. The "Conveyor Easement" and the "Water Line Easement," in the forms attached hereto as Exhibit "A" and Exhibit "B" respectively and incorporated herein by this reference, are hereby substituted in lieu thereof. On or before the Closing Date, Buyer shall deliver to Escrow Holder the Conveyor Easement and the Water Line Easement, in the forms attached hereto, executed and acknowledged by Buyer.

3. **Amendment to Prior Easement.** The parties acknowledge the existence of that

certain Easement granted from Buyer to CalMat Co., which was recorded in the Official Records of Los Angeles County on September 30, 1988 as Document No. 88-1576360 (the "Prior Easement"). The Prior Easement provides for a permanent, exclusive easement (the "Right of Way") over certain real property of Buyer located adjacent to and directly east of the Property. The parties desire to amend the Prior Easement (the "Amendment to Easement") to revise the legal description of the Right of Way. Accordingly, on or before the Closing Date, Buyer shall deliver the Amendment to Easement to Escrow Holder, in the form of Exhibit "C" attached hereto, executed and acknowledged by Buyer.

4. **No Other Changes.** Except as expressly set forth in this Amendment, the Agreement shall remain unchanged and in full force and effect. In the event of any inconsistency between the terms of this Amendment and the Agreement, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first written above.

"SELLER"

CALMAT PROPERTIES CO., a
California corporation

By: 

"BUYER"

PICK YOUR PART AUTO
WRECKING, a California corporation

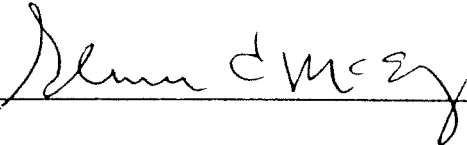
By: 

EXHIBIT "A" TO
AMENDMENT TO PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS

CONVEYOR EASEMENT

RECORDING REQUESTED BY
AND RETURN TO:

Vulcan Materials Company, Western Division
3200 San Fernando Road
Los Angeles, CA 90065
Attn: Property Manager

EASEMENT

This Agreement is made this _____ day of _____, 2001, by and between PICK YOUR PART AUTO WRECKING, a California corporation ("Grantor"), and CALMAT CO., a Delaware corporation dba VULCAN MATERIALS COMPANY, WESTERN DIVISION ("Grantee").

RECITALS

A. Grantor is the owner of certain real property described in Exhibit "A" attached hereto and incorporated herein, situated in the County of Los Angeles, State of California (the "Servient Tenement" or the "Property").

B. Grantee is the owner of certain real property described in Exhibit "B" attached hereto and incorporated herein, situated in the County of Los Angeles, State of California (the "Dominant Tenement"). Grantee is also the owner of a conveyor system and associated improvements, including an underground water line, located on the Property. The conveyor system and water line are used in connection with Grantee's rock processing facility located on the Dominant Tenement.

C. Grantee desires to acquire certain rights in the Property for the benefit of the Dominant Tenement, and Grantor desires to grant such rights.

GRANT OF EASEMENT

1. For valuable consideration, receipt of which is hereby acknowledged, Grantor hereby grants to Grantee and its successors and assigns, a permanent, exclusive easement ("Right of Way") upon, across, under, over and through that portion of the Property described in Exhibit "C" attached hereto and incorporated herein, for the purpose of operating, constructing, altering, expanding, replacing, repairing and maintaining one or more above and/or below ground conveyor systems, and water pipelines, and uses incidental thereto, together with the right to use

and keep all of said Right of Way free and clear of any and all obstructions, including the right to trim, cut or remove vegetation or trees which may interfere with Grantee's use and enjoyment of the Right of Way.

2. Without limiting the foregoing, it is expressly acknowledged that no building or structure shall be constructed or located on the Right of Way by Grantee (except for the 14-foot high chain-link fences and the conveyor system, water line and associated improvements), nor shall Grantor deposit or permit or allow to be deposited, earth, rubbish, debris or any other substance or material, whether combustible or noncombustible, on the Right of Way. Grantee shall have the right but not the obligation to repair, maintain or replace the fences surrounding the Right of Way

3. The Right of Way granted herein includes the right of reasonable entry upon the Property for the purpose of engaging in the operation, inspection, maintenance, repair, improvement and replacement of the conveyor system, the water line and/or the fences, and the exercising of the other rights herein granted. Said right of entry may be exercised by trucks, automobiles or other vehicles or by foot, as may suit the reasonable needs of Grantee.

4. Grantee will indemnify Grantor from and against any loss, cost, damage or liability which arises out of Grantee's negligence or willful misconduct on the Right of Way, except for any loss, cost, damage or liability caused by the negligence or willful misconduct of Grantor. Grantor will indemnify Grantee from and against any loss, cost, damage or liability which arises out of Grantor's negligence or willful misconduct on the Property, except for any loss, cost, damage or liability caused by the negligence or willful misconduct of Grantee.

5. The easement rights granted herein shall bind the Property and inure to the benefit of the Dominant Tenement, and shall be appurtenant thereto.

6. This instrument shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, this instrument is executed on the day and year first above written.

PICK YOUR PART AUTO WRECKING

By: _____
Title:

By: _____
Title:

EXHIBIT "A"
TO EASEMENT

LOT 9 OF TRACT NO. 9329, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 179 PAGES 9 AND 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT "B"
TO EASEMENT

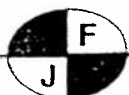
PARCELS A AND C, AS PER PARCEL MAP EXEMPTION NO. 3192, FILED IN BOOK 174,
PAGES 34 AND 35, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES
COUNTY.

AN EASEMENT FOR CONVEYOR SYSTEMS AND INCIDENTAL PURPOSES OVER THAT PORTION OF LOT 9, TRACT NO. 9329, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 179, PAGES 9 AND 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

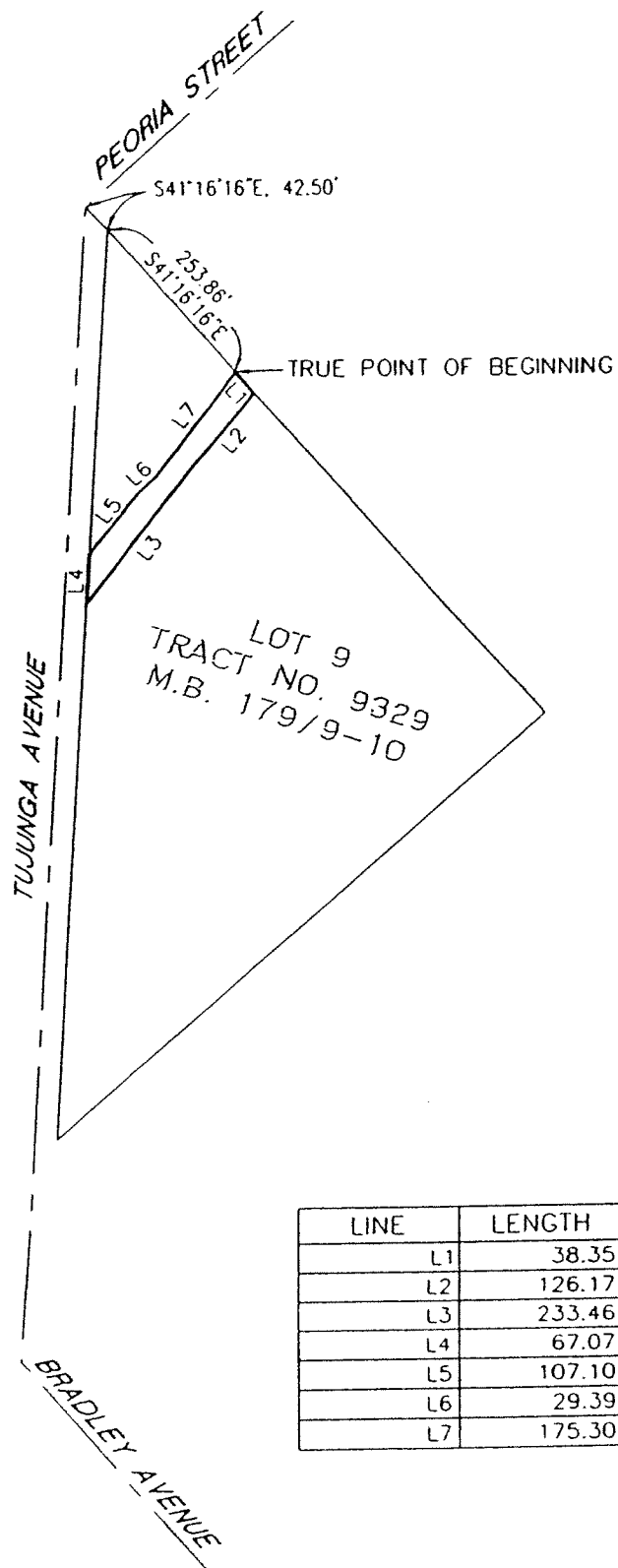
COMMENCING AT THE CENTERLINE INTERSECTION OF TUJUNGA AVENUE AND PEORIA STREET AS SAID INTERSECTION IS SHOWN ON THE AFOREMENTIONED TRACT MAP NO. 9329, THENCE SOUTH 41 DEGREES 16 MINUTES 16 SECONDS EAST, 42.50 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF TUJUNGA AVENUE AS SHOWN ON SAID MAP, SAID POINT ALSO BEING THE NORTH CORNER OF LOT 9; THENCE CONTINUE SOUTH 41 DEGREES 16 MINUTES 16 SECONDS EAST, 253.86 FEET ALONG THE NORTHEASTERLY LINE OF SAID LOT 9 TO THE **TRUE POINT OF BEGINNING OF SAID EASEMENT**; THENCE, CONTINUE ALONG SAID NORTHEASTERLY LINE SOUTH 41 DEGREES 16 MINUTES 16 SECONDS EAST, 38.35 FEET; THENCE SOUTH 40 DEGREES 23 MINUTES 05 SECONDS WEST, 126.17 FEET; THENCE SOUTH 37 DEGREES 42 MINUTES 26 SECONDS WEST, 233.46 FEET TO A POINT ON SAID EASTERLY RIGHT OF WAY LINE OF TUJUNGA AVENUE; THENCE NORTH 03 DEGREES 38 MINUTES 06 SECONDS EAST ALONG SAID EASTERLY RIGHT OF WAY LINE, 67.07 FEET; THENCE NORTH 38 DEGREE 56 MINUTES 22 SECONDS EAST, 107.10 FEET; THENCE NORTH 48 DEGREES 08 MINUTES 02 SECONDS EAST, 29.39 FEET; THENCE NORTH 37 DEGREES 07 MINUTES 15 SECONDS EAST, 175.30 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "C" TO CONVEYOR EASEMENT (PAGE 1 OF 2)

JOHNSON - FRANK & ASSOCIATES, INC.
LAND SURVEYING & GEOMATICS ENGINEERING



5150 E. Hunter Ave. Anaheim, CA 92807 (714) 777-8877 FAX (714) 777-1641 www.johnson-frank.com



LINE	LENGTH	BEARING
L1	38.35	S41°16'16"E
L2	126.17	S40°23'05"W
L3	233.46	S37°42'26"W
L4	67.07	N03°38'06"E
L5	107.10	N38°56'22"E
L6	29.39	N48°08'02"E
L7	175.30	N37°07'15"E



SCALE: 1"=250'

EXHIBIT "C" TO CONVEYOR EASEMENT (PAGE 2 OF 2)

LEGAL DESCRIPTION EXHIBIT



JOHNSON-FRANK & ASSOC., INC.

LAND SURVEYING & MAPPING
5150 E. HUNTER AVENUE
ANAHEIM, CALIFORNIA 92807-2049
(714) 777-8877 FAX (714) 777-1641



CHANGE NOTICE NO. 2002.032
EFFECTIVE April 1 20 02

**WESTERN
DIVISION**

WESTERN DIVISION Properties Division

SITE NAME Bradley Yards

PROPERTY FILE NO. CA-LW-21A-000320-500

CITY Sun Valley

COUNTY Los Angeles

PERMANENT SITE NO.

COST CENTER/OPERATING NO.

TAX PARCEL NO.

CA-LW-21A

2538-010-002

NATURE OF CHANGE SOLD

ACREAGE

8.76

DESCRIPTION OF CHANGE

SELLER: CalMat Co.

BUYER: Pick Your Part Auto Wrecking (Hayward Associates)

PURCHASE PRICE: \$3,529,667.00 (Promissory Note for \$250,000.00)

BRIEF PROPERTY DESCRIPTION

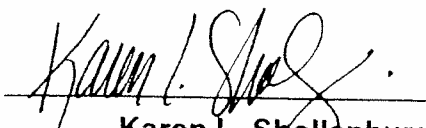
See attached map.

DISTRIBUTION:

Collar, Janet
File

DATE: July 29, 2002


Janice L. Parker


Karen L. Shollenburg



CalMat Co

CHANGE NOTICE NO. _____

EFFECTIVE 1/01 19 97

CALMAT CO. DIVISION PROPERTIES

SITE NAME BRADLEY YARDS

PROPERTY FILE NO. CA-LW-21A-000320-020

CITY SUN VALLEY

COUNTY LOS ANGELES

PERMANENT SITE NO.

COST CENTER/ OPERATING
NO.

TAX PARCEL NO.

CA-LW-21A

A PORTION OF APN:
2408-036-001

NATURE OF CHANGE

ACRES 8.76

RENT INCREASE

DESCRIPTION OF CHANGE

LANDLORD:

CalMat Co.

LESSEE:

Pick Your Part Auto Wrecking, Inc.

Rent Increase to \$38,585.95 (Annual Increases).**BRIEF PROPERTY DESCRIPTION****DISTRIBUTION:**

File Copy Only - No Distribution - Update Records

DATE

10/16/97 changed

Karen L. Shollenburg

LEASE DOCUMENT TRANSMITTAL

DISTRIBUTION:

TENANT: Pick Your Part Auto Wrecking, Inc.

PROJECT: Sun Valley / Tuxford

SUITE(S): (Bradley Yards)
(Undeveloped)

ADDRESS: 1301 Orangewood Avenue
Suite 130
Anaheim, CA 92805

ATTN: Cindi Galfin, Controller

BILLING: Same as Above

COST CENTER: 8247

<u> </u>	<u>LISA AMOS</u>
<u>X</u>	<u>MARTHA MAC PHERSON</u>
<u>X</u>	<u>SHERI ORTEGA</u>
<u>X</u>	<u>KRISTINE ROBERTS</u>
<u> </u>	<u>PATRICIA SCHREIBMAN</u>
<u>X</u>	<u>KAREN SHOLLENBURG</u>
<u>X</u>	<u>DEBRA SUGIMURA</u>
<u>X</u>	<u>SCOTT WILCOTT</u>
<u> </u>	<u>TOM WILLIAMS</u>

WE ARE SENDING YOU:

<u> </u>	<u>LEASE ORIGINALS</u>
<u> </u>	<u>LEASE COPIES</u>
<u>X</u>	<u>LEASE SUMMARY</u>
<u> </u>	<u>SECURITY DEPOSIT \$</u>
<u> </u>	<u>PREPAID RENT FOR MONTH OF:</u>
<u> </u>	<u> /\$</u>
<u> </u>	<u>SPACE PLAN</u>
<u> </u>	<u>AMENDMENT</u>
<u> </u>	<u>ADDENDUM</u>
<u>X</u>	<u>RENT SCHEDULE</u>
<u> </u>	<u>OTHER / ASSIGNMENT</u>

TRANSMITTED AS CHECKED BELOW:

<u> </u>	<u>FOR YOUR APPROVAL</u>
<u>X</u>	<u>FOR YOUR USE/FILES</u>
<u> </u>	<u>AS REQUESTED</u>
<u> </u>	<u>FOR REVIEW & COMMENT</u>

REMARKS

Updated materials as a result of Lease Audit.

10/16/97 -
Increased Rent.
K. Shollenburg.

Patty Schreibman
 Signature: Patricia Schreibman

10/13/97 CA-LW-21A-
 Date 000320-020

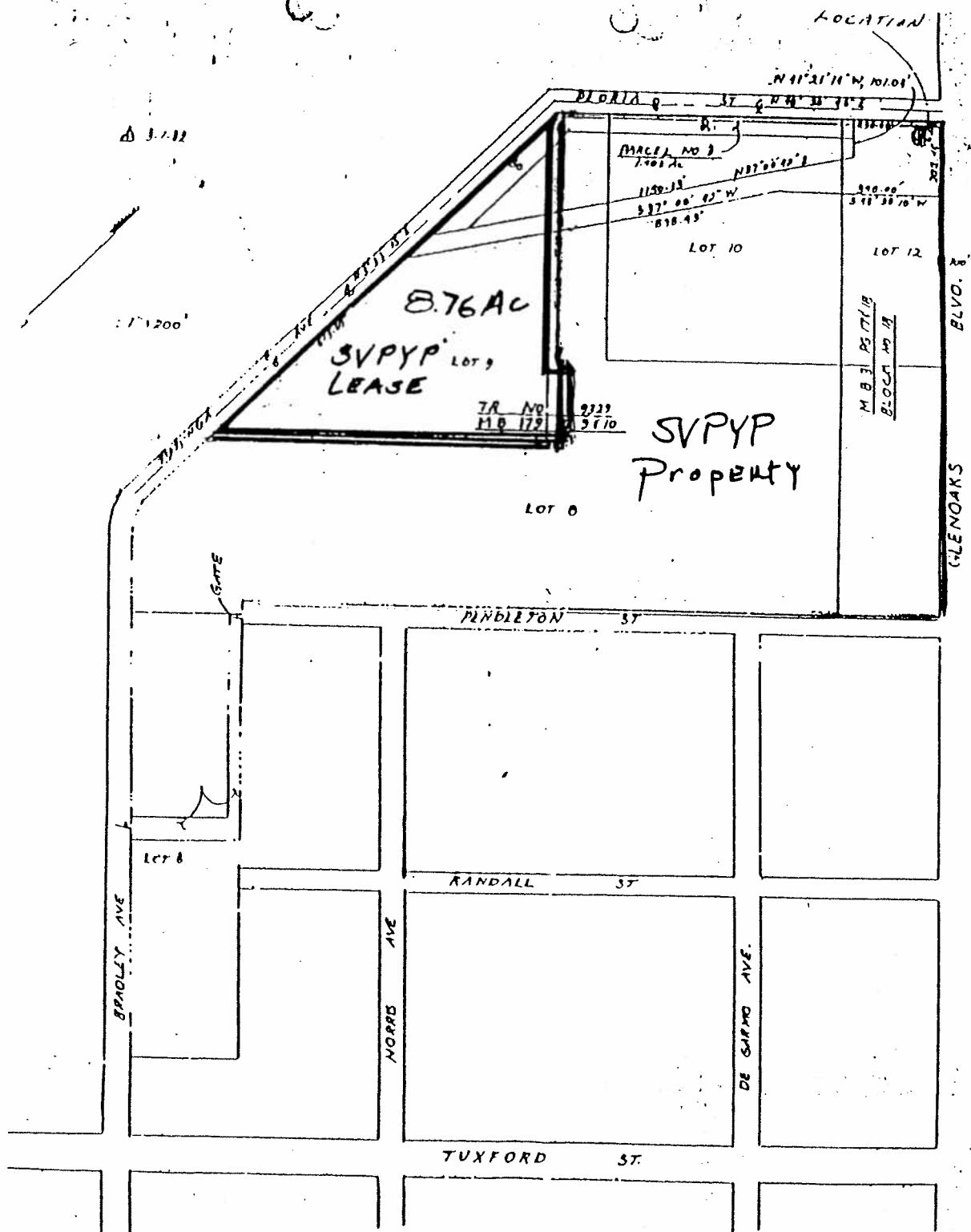
LEASE SYNOPSIS
Pick Your Part Auto Wrecking, Inc.
Sun Valley / Tuxford
(Bradley Yards)
Los Angeles County
Approximately 8.76 acres
(Undeveloped)
(Lease dated January 01, 1993)

I. SUMMARY OF TERMS

A. PROPERTY LOCATION	BRADLEY YARDS
B. PROPERTY SIZE	8.76 ACRES
C. PERMITTED USE	WRECKED AUTOMOBILE SALVAGE, STORAGE, AND DISMANTLING
D. INITIAL BASE MONTHLY RENT / NET	\$28,618.92
E. INITIAL RATE @ SQUARE FOOT	\$.075
F. TERM	60 MONTHS
G. LEASE COMMENCEMENT	JANUARY 01, 1993
H. LEASE EXPIRATION	DECEMBER 31, 1997
I. TOTAL PRO-FORMA CONSIDERATION (INCLUDING MINIMUM UPS)	\$1,952,314.44
J. CONCESSIONS	NONE
K. ADJUSTED CONSIDERATION	N/A
L. IMPROVEMENT ALLOWANCE	NONE
M. SECURITY DEPOSIT	\$25,000.00
N. ANNUAL INCREASE	C.P.I. / 4%-6% / FIXED
O. INCREASE MONTH	JANUARY
P. EXPENSE STOP	N/A
Q. TAX PROTECTION / EXPENSE CAP	NONE
R. EXPENSE ZONE	N/A

II. MISCELLANEOUS NOTES

A. RIGHT OF WAY RESERVED BY LANDLORD



INITIALS
LANDLORD
TENANT

EXHIBIT A

Corporate Documents

- 121. Vulcan Mailing Address
- 122. Certificate of Amendment of Certificate of Incorporation of Consolidated Rock Products Company, May 26, 1944
- 123. Certificate of Ownership and Merger Merging California Materials Company into Conrock Company, 1972
- 124. Certificate of Status Domestic Corporation and Amendments to Articles of Incorporation for California Portland Cement Company, September 21, 1891
- 125. Corporation Grant Deed between California Portland Cement Company and Cal Mat Land Company, December 23, 1987

Hovanessian, Annie

From: Collar, Janet
Sent: Thursday, January 11, 2007 6:33 AM
To: Hovanessian, Annie
Subject: RE: Re: Mailing Address

Street Address:
Vulcan Materials Company
1200 Urban Center Drive
Birmingham, AL 35242

P. O. Box 385014
Birmingham, AL 35238-5014

Vulcan Lands, Inc.
1200 Urban Center Drive
Birmingham, AL 35242

P. O. Box 380994
Birmingham, AL 35238-0994

From: Hovanessian, Annie
Sent: Wednesday, January 10, 2007 6:42 PM
To: Collar, Janet
Subject: Re: Mailing Address

Janet:

Can you provide Vulcan's mailing address in Birmingham?

Thank you

1/11/2007

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CERTIFICATE OF AMENDMENT

of

CERTIFICATE OF INCORPORATION

of

CONSOLIDATED ROCK PRODUCTS CO.

Pursuant to Section 77A of the General Corporation Law of the State of Delaware as amended.

The undersigned officers of CONSOLIDATED ROCK PRODUCTS CO., a corporation organized and existing under the laws of the State of Delaware, and said Consolidated Rock Products Co., each hereby certify:

FIRST: That a Plan of Reorganization of said Consolidated Rock Products Co. pursuant to the provisions of the Act of Congress entitled "An Act to Establish a Uniform System of Bankruptcy Throughout the United States," approved June 1, 1898, and Acts amendatory thereof and supplementary thereto, and particularly pursuant to Section 77B of said Act of Congress, as amended and supplemented, and such sections of Chapter X of said Act, as amended and supplemented, as have been made applicable to the reorganization proceedings hereinafter mentioned, was duly confirmed by an order of the District Court of the United States for the Southern District of California, Central Division, dated and entered March 15, 1944, in proceedings for the reorganization of said Consolidated Rock Products Co. under said Act of Congress entitled "In the Matter of Consolidated Rock Products Co., a Delaware corporation, Debtor, Union Rock Company, a Delaware corporation, Subsidiary, Consumers Rock & Gravel Company, Inc., a Delaware corporation, Subsidiary, No. 25816-H."

1 SECOND: That said Plan of Reorganization and said
2 order dated and entered March 15, 1944, each makes provision,
3 among other things, for amendment of the certificate of incor-
4 poration of said Consolidated Rock Products Co. (1) to elimi-
5 nate all present preferred stock and all present common stock
6 and to authorize 3,197,205.49 shares of new stock, all of suc-
7 stock to be of one class and to be of the par value of \$1.00
8 per share; and (2) to include provisions prohibiting said
9 Consolidated Rock Products Co. from issuing non-voting stock,
10 provisions with respect to the making, not less than once
11 annually, of periodic reports to security holders which shall
12 include profit and loss statements and balance sheets prepared
13 in accordance with sound business and accounting practice, and
14 provisions entitling the holders of the new stock to cumulate
15 their votes at any election for directors, in the manner pro-
16 vided by the Civil Code of the State of California with referen-
17 ce to stockholders of California corporations.

18 THIRD: That said order dated and entered March 15,
19 1944, provided that to effect said amendment the undersigned
20 officers of said Consolidated Rock Products Co. were authorized
21 to prepare, execute and file a certificate of amendment of said
22 Consolidated Rock Products Co.'s certificate of incorporation
23 in conformity with the provisions of Section 77A of the General
24 Corporation Law of the State of Delaware, as amended; and that
25 provision for the making of this certificate is contained in an
26 order of said court (being the court having jurisdiction of said
27 proceeding under said National Bankruptcy Act for the reorg-
28 zation of said corporation) dated and entered May 25, 1944.

29 FOURTH: That pursuant to the provisions of said
30 Plan of Reorganization and said orders of said court, the

1 certificate of incorporation of said Consolidated Rock Prodn
2 Co., as heretofore amended, is hereby amended by striking o
3 Article FOURTH thereof and inserting in lieu thereof the
4 following:

5 FOURTH: The total number of shares that may
6 be issued by the corporation is 3,197,205.49, all of
7 which shares shall be of one class and shall be of
8 the par value of \$1.00 per share. Such shares con-
9 stitute the "new stock" referred to in that certain
10 Plan of Reorganization for the corporation confirmed
11 by order of the District Court of the United States
12 for the Southern District of California, Central
13 Division, dated and entered March 15, 1944. As
14 provided in said order such shares, when issued pur-
15 suant to said Plan of Reorganization, shall be fully
16 paid and not liable to any further call, nor shall
17 the respective holders thereof be liable for any
18 further payments.

19 The holders of shares of said stock shall be
20 entitled to cumulate their votes at any election for
21 directors in the following manner, namely, each share-
22 holder shall have the right to cumulate his votes and
23 give one candidate a number of votes equal to the
24 number of directors to be elected multiplied by the
25 number of votes to which his shares are entitled, or
26 to distribute his votes on the same principle among
27 as many candidates as he shall think fit; and the
28 candidates receiving the highest number of votes up
29 to the number of directors to be elected shall be
30 elected. The corporation shall not issue any non-

1 voting stock.

2 No new or additional stock of any class or
3 series, other than the 3,197,205.49 shares of stock
4 herein authorized, shall be issued except upon such
5 terms that the then existing stockholders shall have
6 the prior right to subscribe for and take such new or
7 additional stock at the par value thereof if such
8 stock shall have a par value, or if such stock shall
9 have no par value at a price to be fixed by the board
10 of directors, which price shall not be greater than
11 the price at which such stock is offered or proposed
12 to be offered to persons other than stockholders, su-
13 ject to such regulations and adjustments as the direc-
14 tors may from time to time determine upon with a view
15 to avoiding the allotment of fractions of shares.

16 The corporation shall make, not less than once
17 annually, periodic reports to its security holders,
18 which reports shall include profit and loss statements
19 and balance sheets prepared in accordance with sound
20 business and accounting practice.

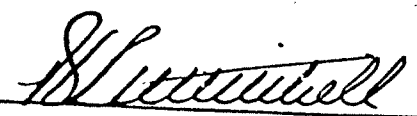
21 FIFTH: That pursuant to the provisions of said Plan
22 Reorganization and said orders of said court, the certificate o
23 incorporation of said Consolidated Rock Products Co., as here-
24 tofore amended, is hereby further amended by striking out that
25 part of Article TENTH thereof which reads as follows:

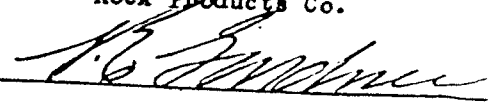
26 TENTH: In furtherance, and not in limitation of
27 the powers conferred by statute, the board of directors
28 is expressly authorized and empowered:
29 and inserting in lieu thereof the following:

30 TENTH: In furtherance, and not in limitation


1 of the powers conferred by statute, and subject, with
2 respect to the authority and power of the board of
3 directors as to working capital, reserves, surplus or
4 net profits, and dividends, to the agreements of the
5 corporation set forth in the indenture to be executed
6 pursuant to said Plan of Reorganization to secure the
7 bonds referred to as the "new bonds" in said Plan of
8 Reorganization, the board of directors is expressly
9 authorized and empowered;

10
11 IN WITNESS WHEREOF, the undersigned, ROBERT MITCHELL
12 President of said Consolidated Rock Products Co., and L. E.
13 GARDNER, Secretary of said Consolidated Rock Products Co., hav
14 executed this certificate, and said CONSOLIDATED ROCK PRODUCTS
15 CO. has executed this certificate under its corporate seal by
16 its said President and its said Secretary, all on this 26th
17 day of May, 1944.

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President of said Consolidated
Rock Products Co.


Secretary of said Consolidated
Rock Products Co.

CONSOLIDATED ROCK PRODUCTS CO.

By 
President

And 
Secretary



1 STATE OF CALIFORNIA
2 COUNTY OF LOS ANGELES } ss.

3
4 On this 26th day of May, 1944, before me,
5 Erna A. Keller, a Notary Public in and for said
6 County and State, personally appeared ROBERT MITCHELL, Presi
7 of CONSOLIDATED ROCK PRODUCTS CO., a corporation organized u
8 the laws of the State of Delaware, the corporation referred
9 the foregoing certificate, known to me personally to be such
10 L. E. GARDNER, Secretary of said corporation, known to me pe
11 sonally to be such, and said Robert Mitchell as such Pr
12 and said L. E. Gardner as such Secretary duly executed a
13 certificate before me and each acknowledged said certificate
14 be his act and deed and the act and deed of said corporation
15 each acknowledged that the facts therein stated are truly set
16 forth; that the signatures of said President and of said Sec
17 tary of said corporation to said certificate are in the hand-
18 writing of said President and of said Secretary of said corpor
19 tion, respectively; that the seal affixed to said certificate
20 the common or corporate seal of said corporation; and that th
21 act of preparing, executing and filing said certificate was du
22 authorized by the order of the District Court of the United
23 States for the Southern District of California, Central Divisio
24 dated and entered May 25, 1944, in proceedings for the reorgani
25 zation of said corporation entitled "In the Matter of Consoli-
26 dated Rock Products Co., a Delaware corporation, Debtor, Union
27 Rock Company, a Delaware corporation. Subsidiary, Consumer
28 Rock & Gravel Company, Inc., a Delaware corporation, Subsid
29 No. 25816-H."

WITNESS my hand and seal the day and year afore

Carla Kleo

Notary Public in and for the
of Los Angeles, State of Calif

My Commission Expires *Aug 1*

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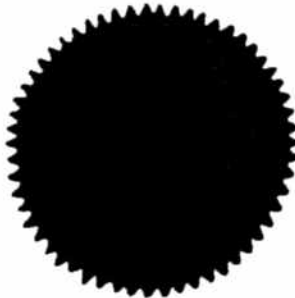


State of DELAWARE

Office of SECRETARY OF STATE

I, Robert H. Reed, Secretary of State of the State of Delaware do hereby certify that the above and foregoing is a true and correct copy of the
Certificate of Amendment of the "CONSOLIDATED ROCK PRODUCTS CO.", as received and
filed in this office the twenty-ninth day of May, A.D. 1944, at 9 o'clock

In Testimony Whereof, I have hereunto set my hand
and official seal at Dover this eighteenth day
of December in the year of our Lord
one thousand nine hundred and seventy-four.



Robert H. Reed

Robert H. Reed

Secretary of State

Grover A. Biddle

Grover A. Biddle Assistant Secretary of State

When Recorded Mail to:
CONROCK CO.
3200 San Fernando Road
Los Angeles, CA 90065
Attn: B. W. Ferris

81-023932



CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

CONSOLIDATED ROCK PRODUCTS CO., a corporation
organized and existing under and by virtue of the General
Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the board of
directors of Consolidated Rock Products Co. duly held and
convened, resolutions were duly adopted setting forth
proposed amendments to the Certificate of Incorporation of
said corporation and declaring said amendments advisable and
calling a meeting of the stockholders of said corporation
for consideration thereof. The resolutions setting forth
the proposed amendments are as follows:

"NOW, THEREFORE, BE IT RESOLVED, that Article
FIRST of the Certificate of Incorporation of this
corporation be amended to read as follows:

'FIRST: The name of the corporation is
CONROCK CO.'"

and

"NOW, THEREFORE, BE IT RESOLVED, that Article
FOURTH of the Certificate of Incorporation of this
corporation be amended by striking out all of the first
paragraph of said Article and by inserting in lieu
thereof the following:

'FOURTH: The total number of shares that
may be issued by the corporation is 3,000,000,
all of which shares shall be of one class and
shall be of the par value of \$5.00 per share.'"

SECOND: That thereafter, pursuant to resolution of
its board of directors, the annual meeting of the stockholders

01-023932

of said corporation was duly called and held upon notice and in accordance with section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of stockholders as required by statute voted in favor of the amendments.

THIRD: That said amendments were duly adopted in accordance with the provisions of section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation will not be reduced under or by reason of said amendments.

IN WITNESS WHEREOF, said Consolidated Rock Products Co. has caused its corporate seal to be hereunto affixed and this certificate to be signed by Quentin W. Best, the Chairman of its board of directors, and William Jenkins, its Secretary, this 19th day of April, 1972.

CONSOLIDATED ROCK PRODUCTS CO.

By /s/ Quentin W. Best
Quentin W. Best
Chairman of the Board of Directors

By /s/ William Jenkins
William Jenkins
Secretary

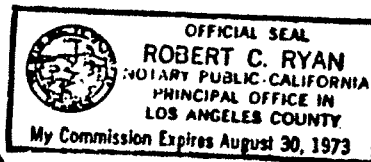
(CORPORATE SEAL)

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

BE IT REMEMBERED that on this 19th day of April, 1972, personally came before me a Notary Public in and for the County and State aforesaid, QUENTIN W. BEST, Chairman of the board of directors of Consolidated Rock Products Co., a corporation of the State of Delaware, the corporation described in and which executed the foregoing certificate, known to me personally to be such, and he, the said QUENTIN

W. BEST as such Chairman of the board of directors, duly executed said certificate before me and acknowledged the said certificate to be his act and deed and the act and deed of said corporation; that the signatures of the said Chairman of the board of directors and of the Secretary of said corporation to said foregoing certificate are in the handwriting of the said Chairman of the board of directors and Secretary of said corporation, respectively, and that the seal affixed to said certificate is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.



(SEAL)

Robert C. Ryan

FILED IN 100-100000
MAY 10 1970
LOS ANGELES COUNTY

100-100000

State of Delaware



Office of Secretary of State

J. Walton H. Simpson, Secretary of State of the State of Delaware
do hereby certify that the above and foregoing is a true and correct copy
Certificate of Amendment of the "CONSOLIDATED ROCK PRODUCTS CO.", as received &
filed in this office the twenty-first day of April, A.D. 1972, at 9 o'clock P.M.

In Testimony Whereof, I have hereunto set my hand
and official seal at Dover this twenty-first day
of April in the year of our Lord
one thousand nine hundred and seventy-two.



Walton H. Simpson

Secretary of State

R. N. Ellsall

Asst. Secretary of State



State of DELAWARE

Office of SECRETARY OF STATE

I, Michael Harkins, Secretary of State of the State of Delaware,
do hereby certify that the attached is a true and correct copy of
~~XXXXXXXXXX~~ Restated Certificate of Incorporation
filed in this office on June 27, 1984



Michael Harkins
Michael Harkins, Secretary of State

BY: *[Signature]*

DATE: September 18, 1985

8401790270

FILED

JUN 27 1954 3:15 PM

Handwritten signature

RESTATED CERTIFICATE OF INCORPORATION
OF

CONROCK CO.

(Originally incorporated under the name
"Consolidated Rock Products Co." on January 28, 1929)

CONROCK CO. a corporation organized and existing
under and by virtue of the General Corporation Law of the
State of Delaware, DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of
Directors of Conrock Co., resolutions were duly adopted
setting forth proposed amendments to the Restated
Certificate of Incorporation of said corporation and
declaring said amendments advisable and directing that the
amendments be considered at a Special Meeting of
Shareholders called by the corporation. The Resolutions
setting forth the proposed amendments are as follows:

"RESOLVED that Article FIRST of the
Restated Certificate of Incorporation
of this corporation shall be amended
to read in full as follows:

FIRST: the name of the corporation
is CalMat Co.

RESOLVED, that Article FOURTH of
the Restated Certificate of
Incorporation of this corporation
shall be amended to read in full as
follows:

FOURTH: (A) The total number of
shares of all classes of capital stock
which this corporation shall have
authority to issue is Fifty-Five
Million (55,000,000) shares of which
Fifty Million (50,000,000) shares
shall be Common Stock, p. r value One
Dollar (\$1.00) per share, and Five
Million (5,000,000) shares shall be
Preferred Stock, par value One Dollar
(\$1.00) per share.

(B) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in this Certificate of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

- (1) The designation of and number of shares constituting such series;
- (2) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or of any other class of capital stock or series thereof and whether such dividends shall be cumulative or noncumulative;
- (3) Whether the shares of such series shall be subject to redemption by the corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;
- (4) The terms and amount of any sinking fund provided for the

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purchase or redemption of the shares of such series;

(5) Whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;

(6) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms and conditions of such voting rights;

(7) The restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

(8) The rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, the corporation.

(C) At all elections of directors of this corporation, each holder of Common Stock of its corporation shall be entitled to as many votes as shall equal the number of votes which, except for provisions of this Section (C), he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute such votes among the number of directors to be voted for, or for any two or more of them as he may see fit.

(D) The Board of Directors may issue additional capital stock of the corporation, option rights or other securities having conversion or option rights without first offering them to the stockholders of any class.

(E) The corporation shall make, not less than once annually, periodic reports to its security holders, which reports shall include profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice."

SECOND: That at a meeting of the Board of Directors of Conrock Co. a resolution was duly adopted setting forth a proposed Restated Certificate of Incorporation of said corporation (including said proposed amendments), declaring said Restated Certificate of Incorporation to be advisable to said corporation and its shareholders and proposing said Restated Certificate of Incorporation for approval at the Special Meeting of Shareholders called by said corporation. The resolution setting forth the Restated Certificate of Incorporation is as follows:

"RESOLVED, subject to shareholder approval of the Combination, that the Restated Certificate of Incorporation of this corporation be, and the same hereby is, amended to read in its entirety as set forth in the Restated Certificate of Incorporation of this corporation attached as Exhibit A hereto."

THIRD: That pursuant to a resolution of its Board of Directors, the Special Meeting of Shareholders of said corporation was duly called and held, upon notice and accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the Restated Certificate of Incorporation, including said amendments, set forth in Exhibit A hereto.

FOURTH: That the Restated Certificate of Incorporation of said corporation, including said amendments, was duly adopted in accordance with the provisions of Sections 242 and 243 of the General Corporation Law of the State of Delaware.

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IN WITNESS WHEREOF, Conrock Co. has caused this
Restated Certificate of Incorporation to be signed by William
Jenkins, its President, and attested by Scott J Wilcott, its
Secretary, this 27 day of June, 1984.

CONROCK CO.

By William Jenkins
William Jenkins
President

Attest:

Scott J Wilcott
Scott J Wilcott
Secretary

000:6

RESTATED CERTIFICATE OF INCORPORATION
OF CONROCK CO.

(originally incorporated under the name
"Consolidated Rock Products Co."
on January 28, 1929)

FIRST: The name of the corporation is CalMet Co.

SECOND: The address of its registered office in the State of Delaware is 306 South State St. in the City of Dover, County of Kent. The name of its registered agent at such address is the United States Corporation Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: (A) The total number of shares of all classes of capital stock which this corporation shall be authorized to issue is Fifty-Five Million (\$5,000,000) shares of which Fifty Million (\$5,000,000) shares shall be Common Stock, par value One Dollar (\$1.00) per share, and Five Million (5,000,000) shares shall be Preferred Stock, par value One Dollar (\$1.00) per share.

(B) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in this Certificate of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

- (1) The designation of and number of shares constituting such series;
- (2) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or of any other class of capital stock or series thereof and whether such dividends shall be cumulative or noncumulative;
- (3) Whether the shares of such series shall be subject to redemption by the corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;
- (4) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;
- (5) Whether or not the shares of such series shall be convertible into, or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;
- (6) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms and conditions of such voting rights;
- (7) The restrictions, if any, on the issue or release of any additional Preferred Stock; and
- (8) The rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, the corporation.

000.7

Exhibit A

(C) At all elections of directors of this corporation, each holder of Common Stock of this corporation shall be entitled to as many votes as shall equal the number of votes which, except for provisions of this Section (C), he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute such votes among the number of directors to be voted for, or for any two or more of them as he may see fit.

(D) The Board of Directors may issue additional capital stock of the corporation, option rights or other securities having conversion or option rights without first offering them to the stockholders of any class.

(E) The corporation shall make, not less than once annually, periodic reports to its security holders, which reports shall include profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice.

FIFTH: The corporation is to have perpetual existence.

SIXTH: All of the powers of this corporation, insofar as the same may be lawfully vested by this Certificate of Incorporation in the Board of Directors, are hereby conferred upon the Board of Directors of this corporation. In furtherance and not in limitation of that power, the Board of Directors shall have the power to make, adopt, alter, amend and repeal from time to time by-laws of this corporation, subject to the right of the shareholders entitled to vote with respect thereto to alter and repeal by-laws made by the Board of Directors.

SEVENTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereinafter prescribed by statute, unless such right is specifically qualified in this Certificate of Incorporation or any amendments thereto, and all rights conferred upon stockholders herein are granted subject to this reservation.

EIGHTH: (A) The affirmative vote of the holders of not less than 60% of the outstanding shares of capital stock of this corporation, which shall include the affirmative vote of at least 50% of the outstanding shares of capital stock held by shareholders other than the "related person" (as hereinafter defined), shall be required for the approval or authorization of any "business combination" (as hereinafter defined) of this corporation with any related person; provided, however, that such 60% voting requirement shall not be applicable if:

(1) The business combination was approved by the Board of Directors of the corporation either (a) prior to the acquisition by such related person of the beneficial ownership of 5% or more of the outstanding shares of the capital stock of the corporation, or (b) after such acquisition, but only so long as such related person has sought and obtained the unanimous approval by the Board of Directors of such acquisition of more than 5% of the capital stock prior to such acquisition being consummated; or

(2) The business combination is solely between this corporation and another corporation, 50% or more of the voting stock of which is owned by this corporation and none of which is owned by a related person; provided that each shareholder of this corporation receives the same type of consideration in such transaction in proportion to his stockholding.

(B) For the purposes of this Article EIGHTH:

(1) The term "business combination" shall mean (a) any merger, reorganization or consolidation of this corporation with or into a related person, (b) any sale, lease, exchange, transfer or other disposition, including without limitation, a mortgage or any other security device, of all or any substantial part of the assets of this corporation (including without limitation, any voting securities of a subsidiary) or of a subsidiary, to a related person, (c) any merger or consolidation of a related person with or into this corporation or subsidiary of this corporation, and (d) any sale, lease, exchange, transfer or other disposition of all or any substantial part of the assets of a related person to this corporation or a subsidiary of this corporation.

(2) The term "related person" shall mean and include any individual, corporation, partnership or other person or entity which, together with their "affiliates" and "associates" (defined below),

"beneficially" owns (as this term is defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934), in the aggregate, five percent (5%) or more of the outstanding shares of the capital stock of this corporation, and any "affiliate" or "associate" (as those terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934) of any such individual, corporation, partnership or other person or entity.

(3) The term "substantial part of the assets" shall mean assets having a fair market value or book value, whichever is greater, equal to 25% or more of the total assets as reflected on a balance sheet of the corporation as of a date no earlier than forty-five (45) days prior to any acquisition of such assets.

(4) Without limitation, any shares of capital stock of this corporation which any related person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed beneficially owned by such related person.

(C) The provisions set forth in this Article EIGHTH may not be repealed or amended in any respect, unless such action is approved by the affirmative vote of the holders of not less than 60% of the outstanding shares of capital stock of this corporation; provided, however, that if there is a related person (as defined herein), such 60% vote must include the affirmative vote of at least 50% of the outstanding shares of capital stock held by shareholders other than the related person.

Delaware

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The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"ALLIED CONCRETE & MATERIALS CO.", A ARIZONA CORPORATION,
"CALMAT CO. OF ARIZONA, INC.", A ARIZONA CORPORATION,
"CALMAT LAND CO.", A CALIFORNIA CORPORATION,
"CALMAT OF CENTRAL CALIFORNIA", A CALIFORNIA CORPORATION,
"CALMAT PROPERTIES CO.", A CALIFORNIA CORPORATION,
"KRIST CONSTRUCTION CO., INC.", A CALIFORNIA CORPORATION,
"RELIANCE TRANSPORT CO.", A CALIFORNIA CORPORATION,
"RIO NORTE ESTE CO.", A CALIFORNIA CORPORATION,
"RIVER BEND CORP.", A CALIFORNIA CORPORATION,
"SANGER ROCK AND SAND", A CALIFORNIA CORPORATION,
"SLOAN CANYON SAND CO.", A CALIFORNIA CORPORATION,

WITH AND INTO "CALMAT CO." UNDER THE NAME OF "CALMAT CO.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-FIRST DAY OF DECEMBER, A.D. 2001, AT 10 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE FIRST DAY OF

0251408 8100M



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1528122

Delaware

The First State

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JANUARY, A.D. 2002, AT 12:01 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE
NEW CASTLE COUNTY RECORDER OF DEEDS.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:00 AM 12/31/2001
010664948 - 0251408

CERTIFICATE OF OWNERSHIP AND MERGER

OF

**ALLIED CONCRETE & MATERIALS CO.,
CALMAT CO. OF ARIZONA, INC.
CALMAT OF CENTRAL CALIFORNIA,
CALMAT LAND CO.,
CALMAT PROPERTIES CO.,
KIRST CONSTRUCTION CO., INC.,
RELIANCE TRANSPORT CO.,
RIO NORTE ESTE CO.,
RIVER BEND CORP.,
SANGER ROCK AND SAND, and
SLOAN CANYON SAND CO.**

Into

CALMAT CO.

In accordance with the provisions of Section 253 of the General Corporation Law of the State of Delaware, CalMat Co., a Delaware corporation ("CalMat-DE"), does hereby certify as follows:

1. CalMat-DE owns all of the outstanding shares of common stock, the only class of stock of which there are outstanding shares, of each of the following corporations, (hereafter collectively referred to as the "CalMat-DE Subsidiaries"):

- (i) Allied Concrete & Materials Co., an Arizona corporation;
- (ii) CalMat Co. of Arizona, Inc., an Arizona corporation;
- (iii) CalMat of Central California, a California corporation;
- (iv) CalMat Land Co., a California corporation;
- (v) CalMat Properties Co., a California corporation;
- (vi) Kirst Construction Co., Inc., a California corporation;
- (vii) Reliance Transport Co., a California corporation;
- (viii) Rio Norte Este Co., a California corporation;

- (ix) River Bend Corp., a California corporation;
- (x) Sanger Rock and Sand, a California corporation; and
- (xi) Sloan Canyon Sand Co., a California corporation.

2. Attached hereto as Exhibit A and incorporated by reference as if fully set forth herein is a true, correct and complete copy of an Action by Unanimous Written Consent of the Board of Directors of CalMat-DE adopted on December 17, 2001, authorizing and approving the merger of the CalMat-DE Subsidiaries with and into CalMat-DE, with CalMat-DE being the surviving corporation.

3. The effective date and time of the merger is January 1, 2002 at 12:01 a.m., Birmingham, Alabama time.

[Signature on the following page.]

IN WITNESS WHEREOF, the undersigned duly authorized officer of CalMat-DE has executed this Certificate of Ownership and Merger as of the 17th day of December, 2001.

CALMAT CO.

By: 
William F. Denson, III
Its Vice President

EXHIBIT A**ACTION BY UNANIMOUS WRITTEN CONSENT
OF
THE DIRECTORS
OF
CALMAT CO.**

The undersigned, constituting all of the directors of CalMat Co., a Delaware corporation ("CalMat-DE"), acting by unanimous written consent in lieu of a meeting, hereby make the following recitals and adopt the following resolutions:

WHEREAS, CalMat-DE owns all of the issued and outstanding common stock, the only class of stock of which there are outstanding shares, of each of the corporations set forth below:

- (i) Allied Concrete & Materials Co., an Arizona corporation;
- (ii) CalMat Co. of Arizona, Inc., an Arizona corporation;
- (iii) CalMat of Central California, a California corporation;
- (iv) CalMat Land Co., a California corporation;
- (v) CalMat Properties Co., a California corporation;
- (vi) Kirt Construction Co., Inc., a California corporation;
- (vii) Reliance Transport Co., a California corporation;
- (viii) Rio Norte Este Co., a California corporation;
- (ix) River Bend Corp., a California corporation;
- (x) Sanger Rock and Sand, a California corporation; and
- (xi) Sloan Canyon Sand Co., a California corporation.

WHEREAS, the directors of CalMat-DE have determined it to be in the best interests of CalMat-DE that the wholly owned subsidiaries of CalMat-DE set forth above be merged with and into CalMat-DE, with CalMat-DE being the surviving corporation.

NOW, THEREFORE, BE IT RESOLVED, that the merger of Allied Concrete & Materials Co.; CalMat Co. of Arizona, Inc.; CalMat of Central California; CalMat Land Co.; CalMat Properties Co.; Kirt Construction Co., Inc.; Reliance Transport Co.; Rio Norte Este Co.; River Bend Corp.; Sanger Rock and Sand; and Sloan Canyon Sand Co., each of

which corporations is a wholly owned subsidiary of CalMat-DE (sometimes hereafter collectively referred to as the "CalMat-DE Subsidiaries") with and into CalMat-DE, with CalMat-DE being the surviving corporation (the "Merger"), be, and it hereby is, authorized and approved;

RESOLVED, that CalMat-DE be, and it hereby is, authorized to assume all of the obligations of the CalMat-DE Subsidiaries pursuant to Section 1110 of the California Corporations Code;

RESOLVED, that the adoption of the Plan of Merger (the "Plan") pursuant to which Allied Concrete & Materials Co. and CalMat Co. of Arizona, Inc. will be merged with and into CalMat-DE, with CalMat-DE being the surviving corporation, substantially in the form as presented to the directors, is advisable, and such agreement be, and it hereby is, adopted and approved;

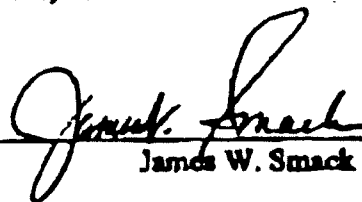
RESOLVED, that the President or any Vice President of CalMat-DE be, and each of them hereby is, authorized and directed to execute and deliver the Plan for and on behalf of CalMat-DE, on substantially the same terms set forth in the Plan presented to the directors, with such additional terms and conditions as the appropriate authorized officer of CalMat-DE may, in his sole discretion, approve, the approval of the form, terms and conditions of the Agreement to be conclusively evidenced by the execution and delivery thereof and such execution and delivery of any such amendments or other documents or certificates, and the execution and delivery of any such amendments or other documents or certificates is hereby ratified, adopted, affirmed and approved;

RESOLVED, that the President or any Vice President of CalMat-DE be, and each of them hereby is, authorized and directed to file with the Secretary of State or other appropriate office in the States of California, Delaware and Arizona any and all documents or certificates necessary to effect the Merger;

RESOLVED, that the Secretary of CalMat-DE be, and he hereby is, authorized and directed to execute or attest at the request of the President or any Vice President of CalMat-DE any and all documents or certificates necessary to effect the Merger; and

RESOLVED, that the President or any Vice President of CalMat-DE be, and each of them hereby is, authorized and directed to do any and all further things, and to execute any and all further documents, on behalf of CalMat-DE as such officer may deem necessary or desirable to effect the purposes of the foregoing resolutions.

DATED as of the 17th day of December, 2001.



James W. Smack

Mark E. Tomkins

William F. Denson, III

DATED as of the 17th day of December, 2001.

James W. Smack

Mark E. Tomkins
Mark E. Tomkins

William F. Denson, III
William F. Denson, III



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1468
SACRAMENTO, CA 95812-1468

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: RIVER BEND CORP
Entity ID 0374013

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

can also call them at (916) 657-5448 or access their website at www.ftb.ca.gov



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P.O. BOX 1468
SACRAMENTO, CA 95812-1468

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: RIO NORTE ESTE CO.
Entity ID 1076509

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

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SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at WWW.SOS.CA.GOV



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1400
SACRAMENTO, CA 95812-1400

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: KIRST CONSTRUCTION CO., INC.
Entity ID 0477689

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at WWW.SF.CA.GOV



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1408
SACRAMENTO, CA 95812-1408

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: RELIANCE TRANSPORT CO.
Entity ID 0445221

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at
WWW.SB.CS.SOS.CA.GOV



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1468
SACRAMENTO, CA 95812-1468

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: CALMAT PROPERTIES CO.
Entity ID 0812582

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

We note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

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1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at www.sos.ca.gov



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1468
SACRAMENTO, CA 95812-1468

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: SANGER ROCK AND SAND
Entity ID 0520195

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

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STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1468
SACRAMENTO, CA 95812-1468

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: CALMAT CO. OF ARIZONA, INC.
Entity ID 1363949

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at
WWW.M.G.S.OY



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1408
SACRAMENTO, CA 95812-1408

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: CALMAT LAND CO.
Entity ID 1419517

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at
WWW.SB.CA.GOV



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P.O. BOX 1408
SACRAMENTO, CA 95812-1408

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: CALMAT OF CENTRAL CALIFORNIA
Entity ID 0601337

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at
WWW.SACS.BOV



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P. O. BOX 1468
SACRAMENTO, CA 95812-1468

TAX CLEARANCE CERTIFICATE

December 26, 2001

EXPIRATION DATE: MARCH 15, 2002

BRADLEY ARANT ROSE & WHITE LLP
TERRI A. SADBERRY
2001 PARK PLACE STE 1400
BIRMINGHAM, AL. 35203

ISSUED TO: SLOAN CANYON SAND CO.
Entity ID 0778029

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

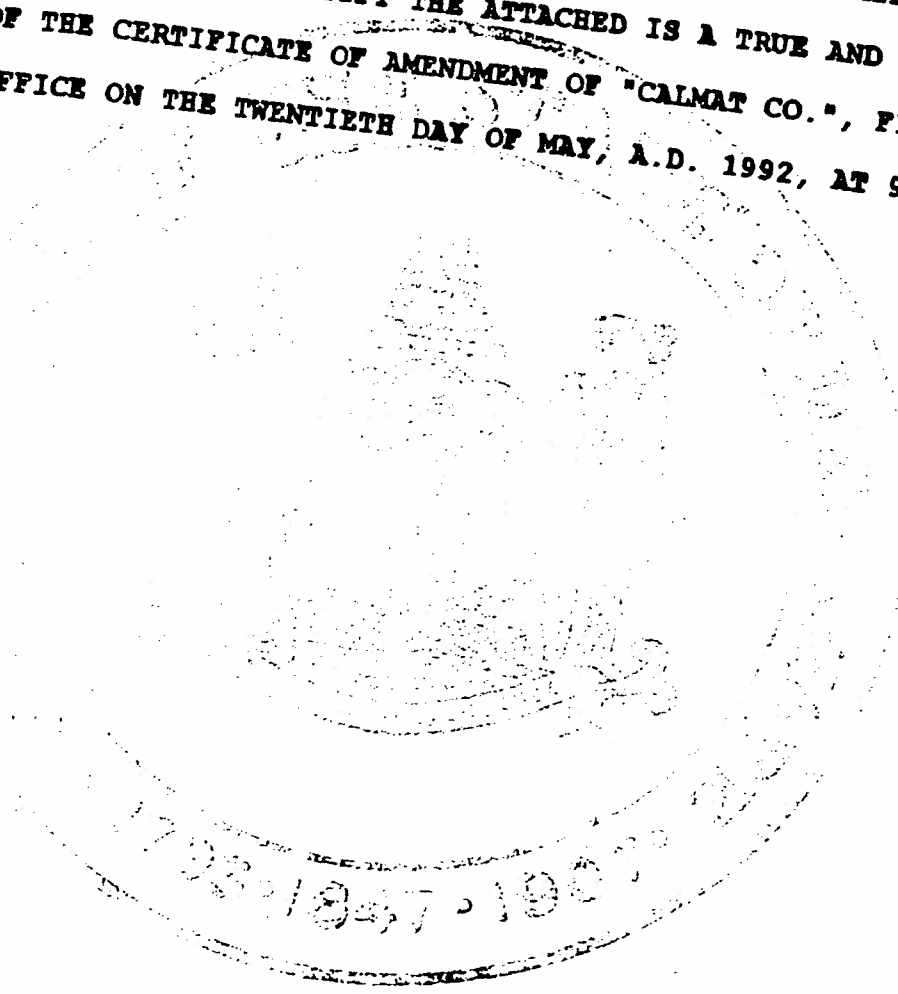
SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at

WWW.SOS.CA.GOV

State of Delaware
Office of the Secretary of State PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF AMENDMENT OF "CALMAT CO.", FILED IN
THIS OFFICE ON THE TWENTIETH DAY OF MAY, A.D. 1992, AT 9 O'CLOCK
A.M.



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Edward J. Freel
Edward J. Freel, Secretary of State

AUTHENTIC

**CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION**

CalMat Co., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of CalMat Co., resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, That the Certificate of Incorporation of this corporation be amended by adding a new Article numbered "ELEVENTH"; said Article shall be and read in full as follows:

(a) The Company shall not engage in any transaction constituting "greenmail" as defined in subparagraph (b), below.

(b) For the purposes of this Article ELEVENTH, "greenmail" means "any consideration transferred by the Company (or any person acting in concert with the Company) to directly or indirectly acquire stock of the Company from any stockholder if:

(1) such stockholder held such stock (as determined under Internal Revenue Code Section 1223 as in effect on November 14, 1989) for less than 2 years before entering into the agreement to make the transfer,

(2) at some time during the 2-year period ending on the date of such acquisition:

(a) such stockholder,

(b) any person acting in concert with such stockholder, or

(c) any person who is related to such stockholder or person described in subparagraph (b), made or threatened to make a public tender offer for stock of the Company, and

(3) such acquisition is pursuant to an offer which was not made on the same terms to all stockholders."

(c) For purposes of this Article ELEVENTH:

(1) the term "public tender offer" means any offer to purchase or otherwise acquire stock or assets in the Company if such offer was or would be required to be filed or registered with any federal or state agency regulating securities;

(2) a person is related to another person if the relationship between such persons would result in the disallowance of losses under IRC Section 267 or 707(b) (as in effect on November 14, 1989); and

(3) payments made in connection with, or in transactions related to, an acquisition of stock shall be treated as paid in such an acquisition.

(d) The Board of Directors shall have the power to determine, for the purposes of this Article ELEVENTH, on the basis of information available to the Board of Directors, whether Article ELEVENTH is applicable to any transaction, and such determination shall be made in good faith and be conclusive and binding for all purposes of this Article ELEVENTH.



**SECRETARY OF STATE
CERTIFICATE OF STATUS
FOREIGN CORPORATION**

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the 5TH day of FEBRUARY, 1929, CALMAT CO., a corporation organized and existing under the laws of DELAWARE, complied with the requirements of California law in effect on that date for the purpose of qualifying to transact intrastate business in this State; and

That the above corporation is entitled to transact intrastate business in the State of California as of the date of this certificate, however, subject to any licensing requirements otherwise imposed by the laws of this State; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal
of the State of California this day
of August 4, 1999.



Bill Jones
BILL JONES
Secretary of State

State of Delaware
Office of the Secretary of State PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "CALMAT CO.", FILED IN THIS OFFICE ON THE THIRTIETH DAY OF APRIL, A.D. 1987, AT 9 O'CLOCK A.M.



Edward J. Freel
Edward J. Freel, Secretary of State

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CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
CALMAT CO.

FILED
9 AM
APR 30 1937

Chas. H. Hale
SECRETARY

It is hereby certified that:

1. The Restated Certificate of Incorporation of the corporation is hereby amended by:

a. striking out Article FOURTH thereof and substituting in lieu of said Article the following new Article:

"FOURTH: (A) The total number of shares of all classes of capital stock which this corporation shall have authority to issue is One Hundred and Five Million (105,000,000) shares, of which One Hundred Million (100,000,000) shares shall be Common Stock, par value One Dollar (\$1.00) per share, and Five Million (5,000,000) shares shall be Preferred Stock, par value One Dollar (\$1.00) per share.

"(B) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in this Certificate of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

"(1) The designation of and number of shares constituting such series;

"(2) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or of any other class of capital stock or series thereof and whether such dividends shall be cumulative or noncumulative;

"(3) Whether the shares of such series shall be subject to redemption by the corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;

"(4) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;

"(5) Whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the time, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;

"(6) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms and conditions of such voting rights;

"(7) The restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

"(8) The rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, the corporation.

"(C) At all elections of directors of this corporation, each holder of Common Stock of this corporation shall be entitled to as many votes as shall equal the number of votes which, except for provisions of this Section (C), he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute such votes among the number of directors to be voted for, or for any two or more of them as he may see fit.

"(D) The Board of Directors may issue additional capital stock of the corporation, option rights or other securities having conversion or option rights without first offering them to the stockholders of any class.

"(E) The corporation shall make, not less than once annually, periodic reports to its security holders, which reports shall include profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice."

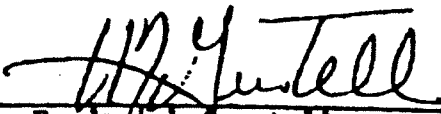
b. adding as totally new articles Articles NINTH and TENTH which read in full as follows:

"NINTH: A director of the corporation shall under no circumstances be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit."

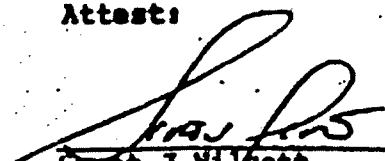
"TENTH: The corporation shall indemnify each officer and director of the corporation to the fullest extent allowed by law, except as otherwise provided in the corporation's By-laws."

2. The amendments of the Restated Certificate of Incorporation herein certified have been duly adopted in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware.

Signed and attested to on April 27, 1987.


A. Frederick Gerstell
President

Attest:

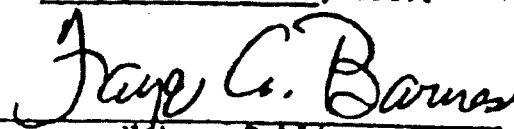

Scott J. Wilcott
Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS.:

BE IT REMEMBERED that, on April 27, 1987, before me, a Notary Public duly authorized by law to take acknowledgement of deeds, personally came A. Frederick Gerstell, President of CalMat Co., who duly signed the foregoing instrument before and acknowledged that such signing is the act and deed of said corporation, and that the facts stated therein are true.

GIVEN under my hand on April 27, 1987.




Notary Public

60-05

State of Delaware
Office of the Secretary of State PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF AMENDMENT OF "CALMAT CO.", FILED IN
THIS OFFICE ON THE THIRTIETH DAY OF APRIL, A.D. 1987, AT 9
O'CLOCK A.M.



Edward J. Freel
Edward J. Freel

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CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
CALMAT CO.

FILED
9 AM
APR 30 1937

Chas. H. Hale
SECRETARY

It is hereby certified that:

1. The Restated Certificate of Incorporation of the corporation is hereby amended by:

a. striking out Article FOURTH thereof and substituting in lieu of said Article the following new Articles:

"FOURTH: (A) The total number of shares of all classes of capital stock which this corporation shall have authority to issue is One Hundred and Five Million (105,000,000) shares, of which One Hundred Million (100,000,000) shares shall be Common Stock, par value One Dollar (\$1.00) per share, and Five Million (5,000,000) shares shall be Preferred Stock, par value One Dollar (\$1.00) per share.

"(B) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in this Certificate of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

"(1) The designation of and number of shares constituting such series;

"(2) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or of any other class of capital stock or series thereof and whether such dividends shall be cumulative or noncumulative;

"(3) Whether the shares of such series shall be subject to redemption by the corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;

"(4) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;

"(5) Whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the time, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;

"(6) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms and conditions of such voting rights;

"(7) The restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

"(8) The rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, the corporation.

"(C) At all elections of directors of this corporation, each holder of Common Stock of this corporation shall be entitled to as many votes as shall equal the number of votes which, except for provisions of this Section (C), he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute such votes among the number of directors to be voted for, or for any two or more of them as he may see fit.

"(D) The Board of Directors may issue additional capital stock of the corporation, option rights or other securities having conversion or option rights without first offering them to the stockholders of any class.

"(E) The corporation shall make, not less than once annually, periodic reports to its security holders, which reports shall include profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice."

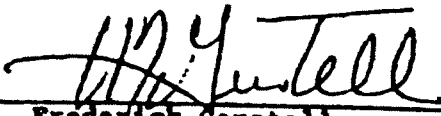
b. adding as totally new articles Articles NINTH and TENTH which read in full as follows:

"NINTH: A director of the corporation shall under no circumstances be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit."

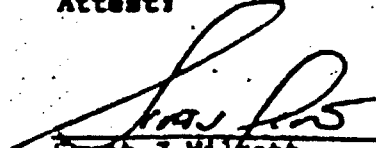
"TENTH: The corporation shall indemnify each officer and director of the corporation to the fullest extent allowed by law, except as otherwise provided in the corporation's By-laws."

2. The amendments of the Restated Certificate of Incorporation herein certified have been duly adopted in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware.

Signed and attested to on April 27, 1987.


A. Frederick Gerstell
President

Attest:

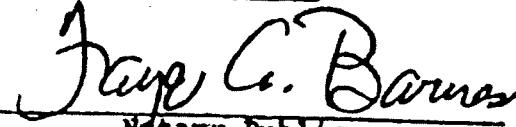

Scott J. Wilcott
Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SB.:

BE IT REMEMBERED that, on April 27, 1987, before me, a Notary Public duly authorized by law to take acknowledgement of deeds, personally came A. Frederick Gerstell, President of CalMat Co., who duly signed the foregoing instrument before and acknowledged that such signing is the act and deed of said corporation, and that the facts stated therein are true.

GIVEN under my hand on April 27, 1987.




Notary Public

60005

State of Delaware
Office of the Secretary of State PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "CONROCK CO.", CHANGING ITS NAME FROM "CONROCK CO." TO "CALMAT CO.", FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF JUNE, A.D. 1984, AT 3:15 O'CLOCK P.M.



Edward J. Freel

Edward J. Freel, Secretary of State

AUTHENTICATION:

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FILED

JUN 27 1984 3:15P

Shaw C. K. [Signature]
SECRETARY OF STATE

RESTATED CERTIFICATE OF INCORPORATION
OF

CONROCK CO.

(Originally incorporated under the name
"Consolidated Rock Products Co." on January 28, 1929)

CONROCK CO. a corporation organized and existing
under and by virtue of the General Corporation Law of the
State of Delaware, DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of
Directors of Conrock Co., resolutions were duly adopted
setting forth proposed amendments to the Restated
Certificate of Incorporation of said corporation and
declaring said amendments advisable and directing that the
amendments be considered at a Special Meeting of
Shareholders called by the corporation. The Resolutions
setting forth the proposed amendments are as follows:

"RESOLVED that Article FIRST of the
Restated Certificate of Incorporation
of this corporation shall be amended
to read in full as follows:

FIRST: the name of the corporation
is CalMat Co.

RESOLVED, that Article FOURTH of
the Restated Certificate of
Incorporation of this corporation
shall be amended to read in full as
follows:

FOURTH: (A) The total number of
shares of all classes of capital stock
which this corporation shall have
authority to issue is Fifty-Five
Million (55,000,000) shares of which
Fifty Million (50,000,000) shares
shall be Common Stock, par value One
Dollar (\$1.00) per share, and Five
Million (5,000,000) shares shall be
Preferred Stock, par value One Dollar
(\$1.00) per share.

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(B) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in this Certificate of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

- (1) The designation of and number of shares constituting such series;
- (2) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or of any other class of capital stock or series thereof and whether such dividends shall be cumulative or noncumulative;
- (3) Whether the shares of such series shall be subject to redemption by the corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;
- (4) The terms and amount of any sinking fund provided for the

00003

purchase or redemption of the shares of such series;

(5) Whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;

(6) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms and conditions of such voting rights;

(7) The restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

(8) The rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, the corporation.

(C) At all elections of directors of this corporation, each holder of Common Stock of its corporation shall be entitled to as many votes as shall equal the number of votes which, except for provisions of this Section (C), he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute such votes among the number of directors to be voted for, or for any two or more of them as he may see fit.

(D) The Board of Directors may issue additional capital stock of the corporation, option rights or other securities having conversion or option rights without first offering them to the stockholders of any class.

(E) The corporation shall make, not less than once annually, periodic reports to its security holders, which reports shall include profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice."

SECOND: That at a meeting of the Board of Directors of Conrock Co. a resolution was duly adopted setting forth a proposed Restated Certificate of Incorporation of said corporation (including said proposed amendments), declaring said Restated Certificate of Incorporation to be advisable to said corporation and its shareholders and proposing said Restated Certificate of Incorporation for approval at the Special Meeting of Shareholders called by said corporation. The resolution setting forth the Restated Certificate of Incorporation is as follows:

"RESOLVED, subject to shareholder approval of the Combination, that the Restated Certificate of Incorporation of this corporation be, and the same hereby is, amended to read in its entirety as set forth in the Restated Certificate of Incorporation of this corporation attached as Exhibit A hereto."

THIRD: That pursuant to a resolution of its Board of Directors, the Special Meeting of Shareholders of said corporation was duly called and held, upon notice and accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the Restated Certificate of Incorporation, including said amendments, set forth in Exhibit A hereto.

FOURTH: That the Restated Certificate of Incorporation of said corporation, including said amendments, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

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IN WITNESS WHEREOF, Conrock Co. has caused this
Restated Certificate of Incorporation to be signed by William
Jenkins, its President, and attested by Scott J Wilcott, its
Secretary, this 27 day of June, 1984.

CONROCK CO.

By William Jenkins
William Jenkins
President

Attest:

Scott J Wilcott
Scott J Wilcott
Secretary

03006

RESTATED CERTIFICATE OF INCORPORATION
OF CONROCK CO.

(originally incorporated under the name
"Consolidated Rock Products Co."
on January 28, 1929)

FIRST: The name of the corporation is CalMat Co.

SECOND: The address of its registered office in the State of Delaware is 306 South State St. in the City of Dover, County of Kent. The name of its registered agent at such address is the United States Corporation Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: (A) The total number of shares of all classes of capital stock which this corporation shall have authority to issue is Fifty-Five Million (55,000,000) shares of which Fifty Million (50,000,000) shares shall be Common Stock, par value One Dollar (\$1.00) per share, and Five Million (5,000,000) shares shall be Preferred Stock, par value One Dollar (\$1.00) per share.

(B) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in this Certificate of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

- (1) The designation of and number of shares constituting such series;
- (2) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or of any other class of capital stock or series thereof and whether such dividends shall be cumulative or noncumulative;
- (3) Whether the shares of such series shall be subject to redemption by the corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;
- (4) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;
- (5) Whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;
- (6) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms and conditions of such voting rights;
- (7) The restrictions, if any, on the issue or reissue of any additional Preferred Stock; and
- (8) The rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, the corporation.

0007

Exhibit A

(C) At all elections of directors of this corporation, each holder of Common Stock of this corporation shall be entitled to as many votes as shall equal the number of votes which, except for provisions of this Section (C), he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute such votes among the number of directors to be voted for, or for any two or more of them as he may see fit.

(D) The Board of Directors may issue additional capital stock of the corporation, option rights or other securities having conversion or option rights without first offering them to the stockholders of any class.

(E) The corporation shall make, not less than once annually, periodic reports to its security holders, which reports shall include profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice.

FIFTH: The corporation is to have perpetual existence.

SIXTH: All of the powers of this corporation, insofar as the same may be lawfully vested by this Certificate of Incorporation in the Board of Directors, are hereby conferred upon the Board of Directors of this corporation. In furtherance and not in limitation of that power, the Board of Directors shall have the power to make, adopt, alter, amend and repeal from time to time by-laws of this corporation, subject to the right of the shareholders entitled to vote with respect thereto to alter and repeal by-laws made by the Board of Directors.

SEVENTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, unless such right is specifically qualified in this Certificate of Incorporation or any amendments thereto, and all rights conferred upon stockholders herein are granted subject to this reservation.

EIGHTH: (A) The affirmative vote of the holders of not less than 60% of the outstanding shares of capital stock of this corporation, which shall include the affirmative vote of at least 50% of the outstanding shares of capital stock held by shareholders other than the "related person" (as hereinafter defined), shall be required for the approval or authorization of any "business combination" (as hereinafter defined) of this corporation with any related person; provided, however, that such 60% voting requirement shall not be applicable if:

(1) The business combination was approved by the Board of Directors of the corporation either (a) prior to the acquisition by such related person of the beneficial ownership of 5% or more of the outstanding shares of the capital stock of the corporation, or (b) after such acquisition, but only so long as such related person has sought and obtained the unanimous approval by the Board of Directors of such acquisition of more than 5% of the capital stock prior to such acquisition being consummated; or

(2) The business combination is solely between this corporation and another corporation, 50% or more of the voting stock of which is owned by this corporation and none of which is owned by a related person; provided that each shareholder of this corporation receives the same type of consideration in such transaction in proportion to his stockholdings.

(B) For the purposes of this Article EIGHTH:

(1) The term "business combination" shall mean (a) any merger, reorganization or consolidation of this corporation with or into a related person, (b) any sale, lease, exchange, transfer or other disposition, including without limitation, a mortgage or any other security device, of all or any substantial part of the assets of this corporation (including without limitation, any voting securities of a subsidiary) or of a subsidiary, to a related person, (c) any merger or consolidation of a related person with or into this corporation or subsidiary of this corporation, and (d) any sale, lease, exchange, transfer or other disposition of all or any substantial part of the assets of a related person to this corporation or a subsidiary of this corporation.

(2) The term "related person" shall mean and include any individual, corporation, partnership or other person or entity which, together with their "affiliates" and "associates" (defined below),

"beneficially" owns (as this term is defined in Rule 12b-3 of the General Rules and Regulations under the Securities Exchange Act of 1934), in the aggregate, five percent (5%) or more of the outstanding shares of the capital stock of this corporation, and any "affiliate" or "associate" (as those terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934) of any such individual, corporation, partnership or other person or entity.

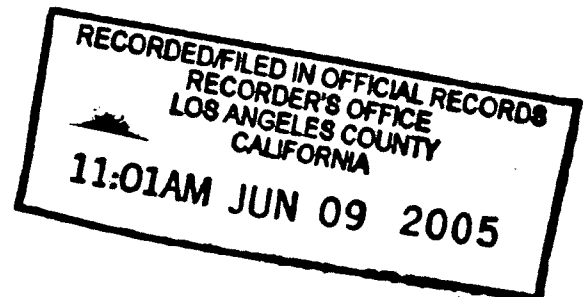
(3) The term "substantial part of the assets" shall mean assets having a fair market value or book value, whichever is greater, equal to 25% or more of the total assets as reflected on a balance sheet of the corporation as of a date no earlier than forty-five (45) days prior to any acquisition of such assets.

(4) Without limitation, any shares of capital stock of this corporation which any related person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed beneficially owned by such related person.

(C) The provisions set forth in this Article EIGHTH may not be repealed or amended in any respect, unless such action is approved by the affirmative vote of the holders of not less than 60% of the outstanding shares of capital stock of this corporation; provided, however, that if there is a related person (as defined herein), such 60% vote must include the affirmative vote of at least 50% of the outstanding shares of capital stock held by shareholders other than the related person.

This page is part of your document - DO NOT DISCARD

05 1355501



TITLE(S) : **Fictitious Name Statement**



FEE

\$18.00

CODE
20

CODE
19

CODE
9

D.T.T.

Assessor's Identification Number (AIN)
To be completed by Examiner OR Title Company in black ink.

Number of AIN's Shown

Your Return Mailing Address

REGISTRAR - RECORDER / COUNTY CLERK'S FILING STAMP

Name: Vulcan Materials Company,
Western Division

Address: 3200 San Fernando Road
Los Angeles, CA 90065

City: State: Zip Code:
Attn. Legal Dept.

05 1355501

1

☐ First Filing ☒ Renewal Filing
Check one only

FICTITIOUS BUSINESS NAME STATEMENT

THE FOLLOWING PERSON(S) IS (ARE) DOING BUSINESS AS: (Attach additional pages if required)

2

Fictitious Business Name(s)

1. Vulcan Materials Company, Western Division
2.

3.

Articles of Incorporation or Organization Number (if applicable)
AI #/ON

3

Street Address, City & State of Principal Place of Business in California (P.O. Box alone not acceptable)

3200 San Fernando Road, Los Angeles, CA 90065

4

Full name of Registrant / Corporation / Limited Liability Company
CalMat Co. Delaware

(if corporation - incorporated in what state)

Residence Street Address (P.O. Box not accepted) City

3200 San Fernando Road

State

L-A

CA

Zip Code

90065

4A

Full name of Registrant / Corporation / Limited Liability Company

(if corporation - incorporated in what state)

Residence Street Address (P.O. Box not accepted) City

State

Zip Code

4B

Full name of Registrant / Corporation / Limited Liability Company

(if corporation - incorporated in what state)

Residence Street Address (P.O. Box not accepted) City

State

Zip Code

5

This Business is conducted by: () an individual () a general partnership () joint venture () a business trust
(check one only) () co-partners () husband and wife (X) a corporation () a limited partnership
() an unincorporated association other than a partnership () a limited liability company ()

6

(X) The registrant commenced to transact business under the fictitious business name or names listed on (Date): 10/09/00
() Registrant has not yet begun to transact business under the fictitious business name or names listed herein.

7

I declare that all information in this statement is true and correct.
(A registrant who declares as true information which he or she knows to be false is guilty of a crime.)

8

Signature of Registrant(s)

Signature

type/print name

Signature

type/print name

Signature

type/print name

Signature

type/print name

8A

If Registrant is a CORPORATION or LLC, sign below
CalMat Co.

Corporation Name / Limited Liability Company

Signature

Vice President

Title

Brian W. Ferris

Type or Print Name

This statement was filed with the County Clerk of

LOS ANGELES

County on date indicated by file stamp above.

NOTICE - THIS FICTITIOUS NAME STATEMENT EXPIRES FIVE YEARS FROM DATE IT WAS FILED IN THE OFFICE OF THE COUNTY CLERK. A NEW FICTITIOUS BUSINESS NAME STATEMENT MUST BE FILED PRIOR TO THAT DATE. The filing of this statement does not of itself authorize the use in this state of a fictitious business name in violation of the rights of another under federal, state, or common law. (See Section 14411 et seq., Business and Professions Code)

REGISTRAR - RECORDER/COUNTY CLERK
BUSINESS FILING AND REGISTRATION

FILING FEE: \$23.00 for 1 FBN and 2 registrants
plus \$4.00 for each additional FBN/registrant

61 DC828890

CERTIFICATE OF OWNERSHIP AND MERGER
MERGING CALIFORNIA MATERIALS COMPANY
INTO
CONROCK CO.

CONROCK CO., a corporation duly organized and existing under the laws of Delaware, hereby certifies that:

1. Said corporation owns and at all times herein mentioned has owned all of the outstanding stock of California Materials Company, a corporation duly organized and existing under the laws of the State of California.

2. At a special meeting of the Board of Directors of CONROCK CO., duly held, the following resolutions were adopted by said Board of Directors to merge California Materials Company into this corporation and to assume all of its obligations:

RESOLVED, That effective December 31, 1972, this corporation merge California Materials Company into itself and assume all of the obligations of said subsidiary pursuant to Section 253 of the General Corporation Law of the State of Delaware.

RESOLVED FURTHER, That the officers of this corporation be and they hereby are authorized and directed to execute and to file with the Delaware Secretary of State and with the California Secretary of State a Certificate of Ownership and Merger and to execute all other documents and to take all other action which may be necessary and proper in order to consummate the merger into this corporation of California Materials Company.

3. Said special meeting of the Board of Directors of CONROCK CO. at which the foregoing resolutions were adopted was held at the offices of CONROCK CO., 3200 San Fernando Road, Los Angeles, California, at 3:00 o'clock P.M. on December 19, 1972. The number of Directors of CONROCK CO. is seven (7), and there were at all times present and acting at said meeting, six (6) Directors, all of whom voted in favor of said resolutions.

IN WITNESS WHEREOF, this corporation has executed this
Certificate of Ownership and Merger this 20th day of December 1972.

CONROCK CO.

By *Q. W. Best*
Quentin W. Best, Chairman

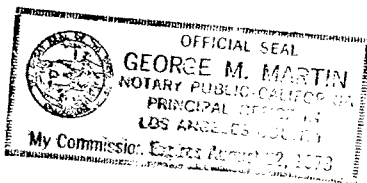
By *William Jenkins*
William Jenkins, Secretary

(Corporate Seal)

STATE OF CALIFORNIA)
) SS.:
COUNTY OF LOS ANGELES)

BE IT REMEMBERED that on this 20th day of December,
A.D. 1972, personally came before me, GEORGE M. MARTIN,
a Notary Public in and for the county and state aforesaid,
QUENTIN W. BEST, Chairman of CONROCK CO., a Corporation of the
State of Delaware, the corporation described in and which exe-
cuted the foregoing certificate, known to me personally to be
such, and he, the said QUENTIN W. BEST, as such Chairman, duly
executed said certificate before me and acknowledged the said
certificate to be his act and deed and the act and deed of said
corporation; that the signatures of the said Chairman and of the
Secretary of said corporation to said foregoing certificate are
in the handwriting of the said Chairman and Secretary of said
corporation respectively, and that the seal affixed to said cer-
tificate is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and
seal of office the day and year aforesaid.



George M. Martin

GEORGE M. MARTIN
Notary Public

APPROVAL OF
CALIFORNIA MATERIALS COMPANY

The foregoing Certificate of Ownership and Merger is
hereby approved in all respects.

CALIFORNIA MATERIALS COMPANY

By *Vernon E. Lohr*
Vernon E. Lohr, President

By *Walter E. Parsons*
Walter E. Parsons, Secretary

(Corporate Seal)

VERNON E. LOHR and WALTER E. PARSONS, the President and
Secretary respectively of California Materials Company, a California
corporation, each says:

I declare under penalty of perjury that the foregoing is
true and correct.

Executed December 20, 1972, at Los Angeles, California.

Vernon E. Lohr
Vernon E. Lohr

Walter E. Parsons
Walter E. Parsons

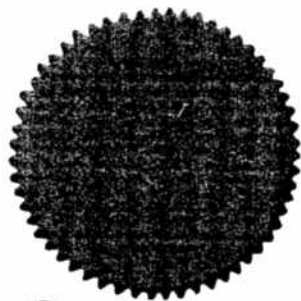
State of Delaware



Office of Secretary of State

I, Walton H. Simpson, Secretary of State of the State of Delaware,
do hereby certify that the above and foregoing is a true and correct copy of
Certificate of Ownership of the "CONROCK CO.", a corporation organized and
existing under the laws of the State of Delaware, merging "CALIFORNIA MATERIALS
COMPANY", a corporation organized and existing under the laws of the State of
California, pursuant to Section 253 of the General Corporation Law of the State
of Delaware, as received and filed in this office the twenty-seventh day of
December, A.D. 1972, at 1 o'clock P.M.

In Testimony Whereof, I have hereunto set my hand
and official seal at Dover this twenty-seventh day
of December in the year of our Lord
one thousand nine hundred and seventy-two.



Walton H Simpson

Secretary of State

R N Clark

Asst Secretary of State

CERTIFICATE OF OWNERSHIP AND MERGER
MERGING CALIFORNIA MATERIALS COMPANY
INTO
CONROCK CO.

CONROCK CO., a corporation duly organized and existing under the laws of Delaware, hereby certifies that:

1. Said corporation owns and at all times herein mentioned has owned all of the outstanding stock of California Materials Company, a corporation duly organized and existing under the laws of the State of California.
2. At a special meeting of the Board of Directors of CONROCK CO., duly held, the following resolutions were adopted by said Board of Directors to merge California Materials Company into this corporation and to assume all of its obligations:

RESOLVED, That effective December 31, 1972, this corporation merge California Materials Company into itself and assume all of the obligations of said subsidiary pursuant to Section 253 of the General Corporation Law of the State of Delaware.

RESOLVED FURTHER, That the officers of this corporation be and they hereby are authorized and directed to execute and to file with the Delaware Secretary of State and with the California Secretary of State a Certificate of Ownership and Merger and to execute all other documents and to take all other action which may be necessary and proper in order to consummate the merger into this corporation of California Materials Company.

3. Said special meeting of the Board of Directors of CONROCK CO. at which the foregoing resolutions were adopted was held at the offices of CONROCK CO., 3200 San Fernando Road, Los Angeles, California, at 3:00 o'clock P.M. on December 19, 1972. The number of Directors of CONROCK CO. is seven (7), and there were at all times present and acting at said meeting, six (6) Directors, all of whom voted in favor of said resolutions.

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

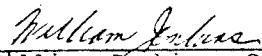
DEC 29 1972

EDMUND G. BROWN Jr., Secretary of State
By JAMES E. HARRIS
Deputy

IN WITNESS WHEREOF, this corporation has executed this
Certificate of Ownership and Merger this 20th day of December 1972.

CONROCK CO.

By 
Quentin W. Best, Chairman

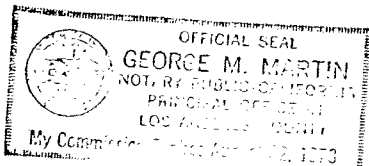
By 
William Jenkins, Secretary



STATE OF CALIFORNIA)
) SS.:
COUNTY OF LOS ANGELES)

BE IT REMEMBERED that on this 20th day of December,
A.D. 1972, personally came before me, GEORGE M. MARTIN,
a Notary Public in and for the county and state aforesaid,
QUENTIN W. BEST, Chairman of CONROCK CO., a Corporation of the
State of Delaware, the corporation described in and which exe-
cuted the foregoing certificate, known to me personally to be
such, and he, the said QUENTIN W. BEST, as such Chairman, duly
executed said certificate before me and acknowledged the said
certificate to be his act and deed and the act and deed of said
corporation; that the signatures of the said Chairman and of the
Secretary of said corporation to said foregoing certificate are
in the handwriting of the said Chairman and Secretary of said
corporation respectively, and that the seal affixed to said cer-
tificate is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and
seal of office the day and year aforesaid.



George M. Martin

GEORGE M. MARTIN
Notary Public

APPROVAL OF
CALIFORNIA MATERIALS COMPANY

The foregoing Certificate of Ownership and Merger is
hereby approved in all respects.

CALIFORNIA MATERIALS COMPANY

By Vernon E. Lohr
Vernon E. Lohr, President



By Walter E. Parsons
Walter E. Parsons, Secretary

VERNON E. LOHR and WALTER E. PARSONS, the President and
Secretary respectively of California Materials Company, a California
corporation, each says:

I declare under penalty of perjury that the foregoing is
true and correct.

Executed December 20, 1972, at Los Angeles, California.

Vernon E. Lohr
Vernon E. Lohr

Walter E. Parsons
Walter E. Parsons

State of California

OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF STATUS DOMESTIC CORPORATION

I, MARCH FONG EU, *Secretary of State of the State of California*, hereby certify:

That on the 21st day of September, 1989,

CALIFORNIA PORTLAND CEMENT COMPANY

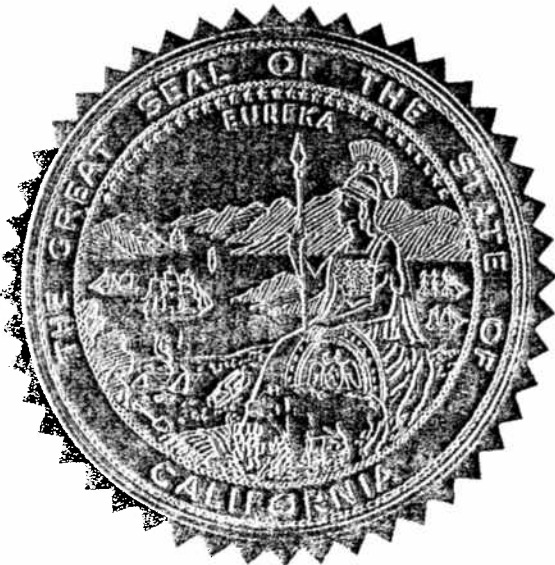
became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.



IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal
of the State of California this

24th day of September, 1990

March Fong Eu

Secretary of State

20715 A223658

FILED
In the office of the Secretary of State
of the State of California

SEP 19 1980

MARCH LONG EBL, Secretary of State

Deputy

CERTIFICATE OF AMENDMENT

OF

RESTATED ARTICLES OF INCORPORATION

MICHAEL A. MORPHY and JOHN L. FROGGÉ certify:

1. That they are the President and Secretary, respectively, of CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation.

2. That at meeting of the Board of Directors of said corporation, duly held at Los Angeles, California, on September 16, 1980, the resolution set forth below was adopted:


"RESOLVED, that Article Third of the Company's Restated Articles of Incorporation be amended to read as follows:

"THIRD: This Corporation is authorized to issue only one class of shares which shall be designated "common" shares. The total authorized number of such shares which may be issued is twelve million (12,000,000) shares. The par value of such shares shall be five dollars (\$5) for an aggregate par value for all shares of sixty million dollars (\$60,000,000)."

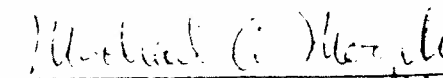
3. That the shareholders of said corporation adopted said amendment by resolution at a meeting held at Los Angeles, California, on August 12, 1980. That the wording of the amended article, as set forth in the shareholders' resolution, is the same as that set forth in the directors' resolution in Paragraph 2 above.


4. That, in accordance with Section 903 of the California General Corporation Law, the adoption of said amendment was approved by the affirmative vote of 3,587,894 shares of said corporation's common stock, and that this is the only class of stock issued by said corporation and the number of shares outstanding and entitled to vote on or consent to said amendment was 4,223,814.


MICHAEL A. MORPHY, President


JOHN L. FROGGE, Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Los Angeles, California, on September 16, 1980.


MICHAEL A. MORPHY, President


JOHN L. FROGGE, Secretary

CAP STR CHG

20715

FILED

In the office of the Secretary of State
of the State of California

A233918

MAY 29 1981

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF

MICHAEL FONG CH, Secretary of State

Deputy

CALIFORNIA PORTLAND CEMENT COMPANY

The undersigned, MICHAEL A. MORPHY and JOHN L. FROGGE,
hereby certify:

1. That they are the President and Secretary,
respectively, of California Portland Cement Company, a
California corporation.

2. That, at a regular meeting of the Board of
Directors held on April 21, 1981, there was duly adopted a
resolution approving an amendment to the Restated Articles
of Incorporation of said corporation as set forth herein
below.

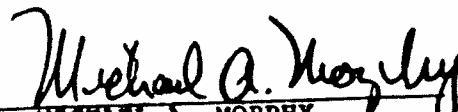
3. That, as prescribed by Section 902(c) of the
California Corporations Code, such amendment may be adopted
by the Board of Directors acting alone inasmuch as the
Corporation has only one class of shares outstanding and the
purpose of such amendment is to effect a stock split.

4. That the resolution so adopting and approving
said amendment is as follows:

"NOW THEREFORE BE IT RESOLVED, That Article
Third of this Corporation's Restated Articles of
Incorporation be amended to read in full as follows:

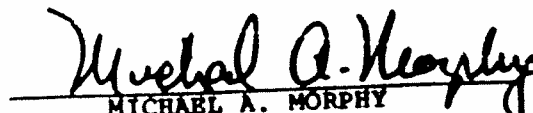
'THIRD: This Corporation is authorized
to issue only one class of shares which shall
be designated 'Common' shares. The total
authorized number of such shares which may be
issued is twelve million (12,000,000) shares.
The par value of each such share shall be
two dollars and fifty cents (\$2.50), for an
aggregate par value for all shares of
thirty million dollars (\$30,000,000).

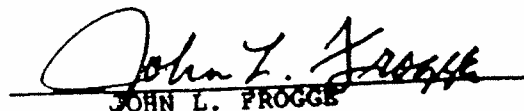
Upon the effective date of this amendment of the Restated Articles of Incorporation each of the issued and outstanding five dollar (\$5.00) par value Common shares shall automatically be divided and split into two (2) Common shares, each with a par value of two dollars and fifty cents (\$2.50)."


MICHAEL A. MORPHY
President


JOHN L. FROGGE
Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct. Executed at Los Angeles, California, on April 22, 1981.


MICHAEL A. MORPHY


JOHN L. FROGGE

A284229

20715 SURV

FILED

in the office of the Secretary of State
of the State of California

JUN 27 1984

Notary Public for the State of California

By B. J. [Signature]

AGREEMENT OF MERGER

This Agreement of Merger (the "Agreement of Merger"), dated as of the 27th day of June, 1984, is by and among CalMat Co., a Delaware corporation (formerly Conrock Co.) ("CalMat"), California Portland Cement Company a California corporation ("CPC"), and CalMat Merger Sub, Inc., a California corporation and a wholly-owned subsidiary of CalMat ("Merger Sub"). CPC and Merger Sub are sometimes referred to herein as the "Constituent Corporations."

RECITALS

1. CalMat is a corporation duly organized and existing under the laws of the State of Delaware with an authorized capital stock consisting of (i) 50,000,000 shares of common stock, par value \$1.00 per share ("CalMat Common Stock"), of which, as of the date hereof, 2,973,534 shares are issued and outstanding and (ii) 5,000,000 shares of preferred stock, par value \$1.00 per share, of which, as of the date hereof, no shares are outstanding.

2. CPC is a corporation duly organized and existing under the laws of the State of California with an authorized capital stock consisting of 12,000,000 shares of common stock, par value \$2.50 per share ("CPC Common Stock"), of which, as of the date hereof, 8,449,970 shares are issued and outstanding.

3. Merger Sub is a corporation duly organized and existing under the laws of the State of California with an authorized capital stock consisting of 10,000,000 shares of common stock, without par value, ("Merger Sub Common Stock"), all of which shares, as of the date hereof, are issued and outstanding and owned, beneficially and of record, by CalMat.

4. CalMat and CPC have entered into an Amended and Restated Agreement and Plan of Reorganization dated as of the 20th day of March, 1984 (as amended, the "Agreement of Reorganization") which contemplates the merger of Merger Sub with and into CPC (the "Merger") in accordance with this Agreement of Merger.

5. The respective Boards of Directors of CalMat, CPC and Merger Sub deem it advisable and in the best interests of each such corporation and their respective stockholders that Merger Sub be merged with and into CPC as provided herein and in the Agreement of Reorganization, and they have accordingly adopted resolutions approving the Agreement of Reorganization and this Agreement of Merger. The stockholders of CalMat, CPC and Merger Sub have similarly approved the Agreement of Reorganization and this Agreement of Merger.

The parties hereto agree as follows:

ARTICLE I

THE MERGER

1.1 At the Effective Time (as defined in Section 6.1 below), Merger Sub shall be merged with and into CPC, which shall survive and continue to be governed by the laws of the State of California, and the separate corporate existence of Merger Sub shall thereupon cease. CPC, as the surviving corporation, is sometimes referred to herein as the "Surviving Corporation." The Merger shall be pursuant to the provisions of, and with the effect provided in, the General Corporation Law of the State of California.

ARTICLE II

ARTICLES OF INCORPORATION

2.1 At the Effective Time, the Articles of Incorporation of CPC shall be amended and restated to read as set forth in Exhibit A attached hereto.

ARTICLE III

DIRECTORS AND OFFICERS

3.1 At the Effective Time, and until further appropriate corporate action, the following persons shall be the directors and officers of the Surviving Corporation:

<u>I. Directors</u>	<u>Officers</u>	
William Jenkins	William Jenkins	— Chairman of the Board and Chief Executive Officer
Michael A. Morphy	Michael A. Morphy	— Vice Chairman of the Board
A. Frederick Gerstell	A. Frederick Gerstell	— President and Chief Operating Officer
	Ronald J. Van Thyne	— Senior Vice President — Administration
	Ronald E. Evans	— Senior Vice President — California Cement Division
	David S. Cahn	— Vice President — Regulatory Matters
	Anthony E. Sarris	— Vice President — Engineering and Operations
	Vaughn S. Corley	— Vice President — Arizona Cement Division
	Wilber B. Jager	— Vice President — California Sales
	Donald L. Collins	— Vice President — Arizona Sales
	M. Donald Ross	— Vice President — Coal
	John L. Frogge	— Secretary and Assistant General Counsel
	David C. Lauritzen	— Treasurer
	William G. Bassett	— Controller and Assistant Treasurer

ARTICLE IV

MANNER AND BASIS OF CONVERTING SHARES

4.1 Conversion of CPC Common Stock.

At the Effective Time, subject to Section 4.4 hereof, each share of CPC Common Stock then issued and outstanding, and all rights with respect thereto, shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into, and from and after Effective Time shall represent only, one issued and outstanding share of CalMat Common Stock.

4.2 Conversion of Merger Sub Common Stock.

At the Effective Time, each share of Merger Sub Common Stock then issued and outstanding, and all rights with respect thereto, shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into, and from and after the Effective Time shall represent only, one issued and outstanding share of CPC Common Stock. Except to the extent provided to the contrary by applicable California law for any outstanding "dissenting shares" as described in Section 4.4 hereof, such shares shall be the sole outstanding shares of capital stock of the Surviving Corporation.

4.3 CPC Stock Options.

(a) At the Effective Time, by operation of this Agreement of Merger each outstanding and unexpired option (a "CPC Option") under the Key Employee Stock Option Plan of CPC (the "CPC Option Plan") shall automatically, without any action on the part of the holder thereof or on the part of CalMat become and be converted into an option (a "CalMat Option") to purchase a number of shares of CalMat Common Stock equal to the number of shares of CPC Common Stock that are subject to the CPC Option at a price per share equal to the price per share of CPC Common Stock in effect under the CPC Option at the Effective Time.

(b) All CalMat Options created pursuant to this Section 4.3 shall be subject to the same terms and conditions as the CPC Options they replace. The date of grant of the substituted CalMat Option shall be the date on which the corresponding CPC Option was granted. At the Effective Time, all references to CPC in the CPC Options shall be deemed to mean CalMat, and CalMat shall assume all of CPC's obligations with respect to the CPC Options, as so amended.

4.4 Dissenting Shares.

The provisions of Section 4.1 hereof shall not apply to any shares of CPC Common Stock which shall constitute "Dissenting shares" within the meaning of Section 1300(b) of the General Corporation Law of the State of California ("Dissenting Shares"), it being intended that any holder of such shares shall have the rights given to him under Chapter 13 of the General Corporation Law of the State of California.

ARTICLE V

RIGHTS AND DUTIES OF SURVIVING CORPORATION

5.1 At the Effective Time and for all purposes the separate existence of Merger Sub shall cease and Merger Sub shall be merged with and into CPC which, as the Surviving Corporation, shall thereupon and thereafter possess all the rights, privileges, immunities, licenses and franchises (whether of a public or private nature) of each of the Constituent Corporations; and all property (real, personal and mixed), all debts due on whatever account, all choses in action, and all and every other interest of or belonging to or due to each of the Constituent Corporations shall continue and be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed; and the title to any real estate, or any interest therein, vested in either of the Constituent Corporations shall not revert or be in any way impaired by reason of such Merger; and the Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the Constituent Corporations; and, to the extent permitted by law, any claim existing, or action or proceeding pending, by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in the place of such corporation. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger. If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurances in law or any things are necessary or desirable to vest the title of any property or rights of the Constituent Corporations in the Surviving Corporation according to the terms hereof, the officers and directors of the Surviving Corporation are empowered to execute and make all such proper assignments and assurances and do all things necessary or proper to vest title in such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement in Merger.

ARTICLE VI

EFFECTIVE TIME

6.1 As used in this Agreement, the term "Effective Time" shall mean the time at which this Agreement of Merger is filed with the Secretary of State of the State of California.

ARTICLE VII

COUNTERPARTS

7.1 This Agreement of Merger may be executed in any number of counterparts, each of which shall be deemed an original; and all of such counterparts together shall constitute one and the same instrument.

In witness whereof, CalMat, California Portland Cement Company and CalMat Merger Sub, Inc. have caused this Agreement of Merger to be signed in their respective corporate names by their respective presidents or vice presidents attested by their respective secretaries or assistant secretaries, as of the day and year first written above.

CALMAT CO.

By William Jenkins
President

ATTEST:

Scott J. Lewis
Secretary

CALIFORNIA PORTLAND CEMENT
COMPANY

By W. H. Yustell
President

ATTEST:

John L. Spross
Secretary

CALMAT MERGER SUB, INC.

By William Jenkins
President

ATTEST:

Scott J. Lewis
Secretary

EXHIBIT A

**RESTATED ARTICLES OF INCORPORATION
OF
CALIFORNIA PORTLAND CEMENT COMPANY**

I

The name of this corporation is CALIFORNIA PORTLAND CEMENT COMPANY.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is fifty million (50,000,000).

IV

The existence of this corporation shall continue perpetually.

V

This corporation elects to be governed by all the provisions of the General Corporation Law of California (as enacted by Chapter 682 of the 1975 Statutes and as subsequently amended) not otherwise applicable to it under Chapter 23 of said Law.

CALIFORNIA PORTLAND CEMENT COMPANY
Officers' Certificate

The undersigned, A. Frederick Gerstell and John L. Frogge, hereby certify that they are the duly elected and presently incumbent President and Secretary, respectively, of California Portland Cement Company, a California corporation (the "Company"), and hereby further certify as follows:

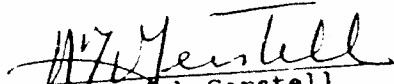
1. The total number of shares of Common Stock of the Company entitled to vote on the Merger contemplated by the foregoing Agreement of Merger is 8,449,770.

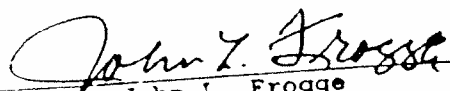
2. The Common Stock of the Company is the only class of shares entitled to vote on the Merger.

3. The principal terms of the Agreement were approved by the Company by the affirmative vote of a majority of the outstanding shares of Common Stock of the Company, and such majority vote was required for such approval.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: June 27, 1984
In Los Angeles, California


A. Frederick Gerstell
President


John L. Frogge
Secretary

CALMAT MERGER SUB, INC.
Officers' Certificate

The undersigned, William Jenkins and Scott J Wilcott, hereby certify that they are the duly elected and presently incumbent President and Secretary, respectively, of CalMat Merger Sub, Inc. (the "Company"), a California corporation and wholly-owned subsidiary of CalMat Co., a Delaware corporation ("CalMat"), and hereby further certify as follows:

1. The total number of shares of Common Stock of the Company entitled to vote on the Merger contemplated by the foregoing Agreement of Merger is 10,000,000.


2. The Common Stock of the Company is the only class of shares entitled to vote on the Merger.

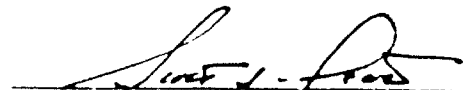
3. The principal terms of the Agreement of Merger were approved by the Company by the affirmative vote of all of the outstanding shares of Common Stock of the Company.

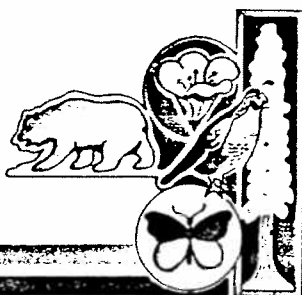
4. The required vote of the shareholders of CalMat to approve the merger was obtained.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: June 27, 1984
In Los Angeles, California


William Jenkins
President


Scott J Wilcott
Secretary



State of California

OFFICE OF THE SECRETARY OF STATE

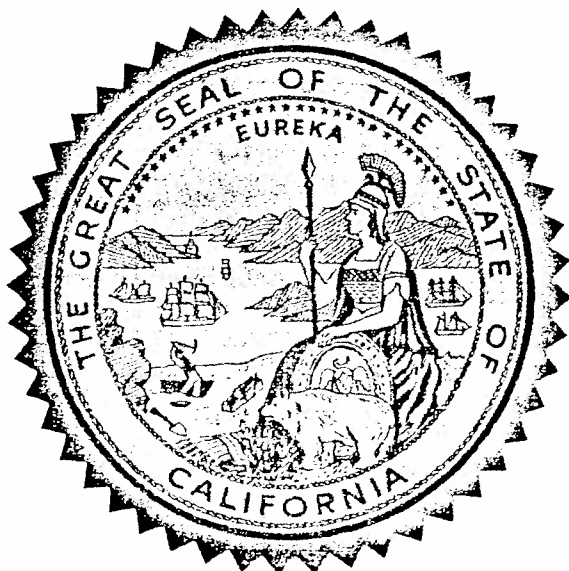
CALIFORNIA PORTLAND CEMENT COMPANY

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

852 25 1990



March Fong Eu

Secretary of State

20715

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FILED

In the office of the Secretary of State
of the State of California

AUG 18 1977

ROBERT FUND 216, Secretary of State

Deputy

CERTIFICATE OF (RESTATED ARTICLES) OF INCORPORATION
OF
CALIFORNIA PORTLAND CEMENT COMPANY

MICHAEL A. MORPHY and JOHN L. FROGGE, Jr., certify:

1. That they are the President and the Assistant Secretary, respectively, of CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation;

2. That at a meeting of the Board of Directors of said corporation duly held at Los Angeles, California, on May 24, 1977, the following resolution was adopted:

"NOW, THEREFORE, BE IT RESOLVED, That subject to shareholder approval, the Articles of Incorporation of this Corporation be amended and restated to read as follows:

'RESTATED ARTICLES OF INCORPORATION
OF
CALIFORNIA PORTLAND CEMENT COMPANY

'FIRST: The name of this Corporation is California Portland Cement Company.

'SECOND: The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust-company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

'THIRD: This Corporation is authorized to issue only one class of shares, which shall be designated "common" shares. The total authorized number of such shares which may be issued is six million (6,000,000) shares. The par value of

each such share shall be five dollars (\$5) for an aggregate par value for all shares of thirty million dollars (\$30,000,000).

'FOURTH: The number of directors of this Corporation shall be not fewer than seven (7) nor more than eleven (11). The exact number of directors shall be fixed from time to time, within the limits specified in these Articles of Incorporation or controlling By-Law, by By-Law or amendment thereof duly approved by the Shareholders of this Corporation, or by the Board of Directors.

'FIFTH: This Corporation elects to be governed by all the provisions of the General Corporations Law of California (as enacted by Chapter 682 of the 1975 Statutes and as subsequently amended) not otherwise applicable to it under chapter 23 of said Law.

'SIXTH: (a) Except as set forth in paragraph (b) of this Article Sixth, the affirmative vote of the holders of sixty-six and two-thirds per cent ($66 \frac{2}{3}\%$) of the outstanding common shares of this Corporation entitled to vote shall be required for:

- (i) Any merger or consolidation to which the Corporation, or any of its subsidiaries, and any Interested Person (as hereinafter defined) are parties;
- (ii) Any sale or other disposition by the Corporation, or any of its subsidiaries, of all or substantially all of their respective assets to an Interested Person; (iii) Any purchase or other acquisition by the Corporation, or any of its subsidiaries, of all or substantially all of the assets

or shares of an Interested Person; (iv) Any reorganization with an Interested Person within the meaning of the term "reorganization," as that term may be defined from time to time under the California General Corporation Law; and (v) Any other transaction with an Interested Person which requires the approval of the shareholders of this Corporation under the California General Corporation Law, as in effect from time to time.

'(b) The provisions of paragraph (a) of this Article Sixth shall not be applicable to any transaction described therein if such transaction is approved by resolution of the Board of Directors, provided that a majority of the members of the Board voting for the approval of such transaction consists of members who were duly elected and acting members of the Board of Directors prior to the date that the person, firm, corporation, entity, or any group thereof with whom such transaction is proposed became an Interested Person.

'(c) As used in this Article Sixth, the term "Interested Person" shall mean any person, firm, or corporation, or any group thereof, acting or intending to act in concert, including any person directly or indirectly controlling or controlled by or under direct or indirect common control with such person, firm, or corporation or group which owns of record or beneficially, directly or indirectly five per cent (5%) of the common shares of the Corporation.

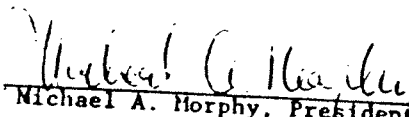
'(d) The affirmative vote of the owners of sixty-six and two thirds per cent (66 2/3%) of the

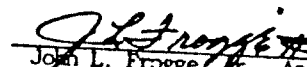
outstanding shares of the Corporation entitled to vote shall be required to amend, alter, or repeal this Article Sixth.

'SEVENTH: The name of this Corporation's initial agent for service of process is C. T. Corporation System.'"

3. That the shareholders have adopted said restatement of Articles by resolution at a meeting held at Los Angeles, California, on August 9, 1977. That the wording of the restated Articles as set forth in the shareholders' resolution is the same as that set forth in the directors' resolution, in paragraph 2 above.

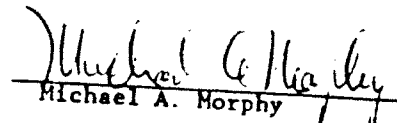
4. That the number of shares which voted affirmatively for the adoption of said resolution is 2,424,176, and that the total number of shares entitled to vote on or consent to said amendment is 4,223,814.


Michael A. Morphy, President


John L. Frogge, Jr., Assistant Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct.

Executed at Los Angeles, California, on August 15, 1977.


Michael A. Morphy


John L. Frogge, Jr.

20715 A223658

CERTIFICATE OF AMENDMENT

OF

RESTATED ARTICLES OF INCORPORATION

FILED
In the office of the Secretary of State
of the State of California

SEP 19 1980

WANCH PONG ER, Secretary of State
Deputy

MICHAEL A. MORPHY and JOHN L. FROGGE certify:

1. That they are the President and Secretary, respectively, of CALIFORNIA PORTLAND CEMENT COMPANY, a California corporation.

2. That at meeting of the Board of Directors of said corporation, duly held at Los Angeles, California, on September 16, 1980, the resolution set forth below was adopted:


"RESOLVED, that Article Third of the Company's Restated Articles of Incorporation be amended to read as follows:

"THIRD: This Corporation is authorized to issue only one class of shares which shall be designated "common" shares. The total authorized number of such shares which may be issued is twelve million (12,000,000) shares. The par value of such shares shall be five dollars (\$5) for an aggregate par value for all shares of sixty million dollars (\$60,000,000)."

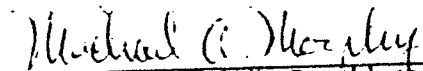
3. That the shareholders of said corporation adopted said amendment by resolution at a meeting held at Los Angeles, California, on August 12, 1980. That the wording of the amended article, as set forth in the shareholders' resolution, is the same as that set forth in the directors' resolution in Paragraph 2 above.

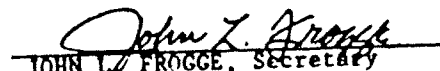
4. That, in accordance with Section 903 of the California General Corporation Law, the adoption of said amendment was approved by the affirmative vote of 3,587,894 shares of said corporation's common stock, and that this is the only class of stock issued by said corporation and the number of shares outstanding and entitled to vote on or consent to said amendment was 4,223,814.


MICHAEL A. MORPHY, President


JOHN L. FROGGE, Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Los Angeles, California, on September 16, 1980.


MICHAEL A. MORPHY, President


JOHN L. FROGGE, Secretary

20715

FILED
in the office of the Secretary of State
of the State of California

A233918

MAY 29 1981

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
CALIFORNIA PORTLAND CEMENT COMPANY

ARCH FONG DA, Secretary of State

Deputy

The undersigned, MICHAEL A. MORPHY and JOHN L. FROGGE,
hereby certify:

1. That they are the President and Secretary,
respectively, of California Portland Cement Company, a
California corporation.

2. That, at a regular meeting of the Board of
Directors held on April 21, 1981, there was duly adopted a
resolution approving an amendment to the Restated Articles
of Incorporation of said corporation as set forth herein
below.


3. That, as prescribed by Section 902(c) of the
California Corporations Code, such amendment may be adopted
by the Board of Directors acting alone inasmuch as the
Corporation has only one class of shares outstanding and the
purpose of such amendment is to effect a stock split.

4. That the resolution so adopting and approving
said amendment is as follows:

"NOW THEREFORE BE IT RESOLVED, That Article
Third of this Corporation's Restated Articles of
Incorporation be amended to read in full as follows:

'THIRD: This Corporation is authorized
to issue only one class of shares which shall
be designated 'Common' shares. The total
authorized number of such shares which may be
issued is twelve million (12,000,000) shares.
The par value of each such share shall be
two dollars and fifty cents (\$2.50), for an
aggregate par value for all shares of
thirty million dollars (\$30,000,000).


Upon the effective date of this amendment of the Restated Articles of Incorporation each of the issued and outstanding five dollar (\$5.00) par value Common shares shall automatically be divided and split into two (2) Common shares, each with a par value of two dollars and fifty cents (\$2.50)."


MICHAEL A. MORPHY
President


JOHN L. FROGGE
Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct. Executed at Los Angeles, California, on April 22, 1981.


MICHAEL A. MORPHY


JOHN L. FROGGE

A284229

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FILED

In the office of the Secretary of State
of the State of California

JUN 27 1984

AMERICAN PORTLAND CEMENT COMPANY

By B. J. Hesse
Deputy

AGREEMENT OF MERGER

This Agreement of Merger (the "Agreement of Merger"), dated as of the 27th day of June, 1984, is by and among CalMat Co., a Delaware corporation (formerly Conrock Co.); ("CalMat"), California Portland Cement Company a California corporation ("CPC"), and CalMat Merger Sub, Inc., a California corporation and a wholly-owned subsidiary of CalMat ("Merger Sub"). CPC and Merger Sub are sometimes referred to herein as the "Constituent Corporations."

RECITALS

1. CalMat is a corporation duly organized and existing under the laws of the State of Delaware with an authorized capital stock consisting of (i) 50,000,000 shares of common stock, par value \$1.00 per share ("CalMat Common Stock"), of which, as of the date hereof, 8,973,584 shares are issued and outstanding and (ii) 5,000,000 shares of preferred stock, par value \$1.00 per share, of which, as of the date hereof, no shares are outstanding.

2. CPC is a corporation duly organized and existing under the laws of the State of California with an authorized capital stock consisting of 12,000,000 shares of common stock, par value \$2.50 per share ("CPC Common Stock"), of which, as of the date hereof, 8,449,970 shares are issued and outstanding.

3. Merger Sub is a corporation duly organized and existing under the laws of the State of California with an authorized capital stock consisting of 10,000,000 shares of common stock, without par value, ("Merger Sub Common Stock"), all of which shares, as of the date hereof, are issued and outstanding and owned, beneficially and of record, by CalMat.

4. CalMat and CPC have entered into an Amended and Restated Agreement and Plan of Reorganization dated as of the 20th day of March, 1984 (as amended, the "Agreement of Reorganization") which contemplates the merger of Merger Sub with and into CPC (the "Merger") in accordance with this Agreement of Merger.

5. The respective Boards of Directors of CalMat, CPC and Merger Sub deem it advisable and in the best interests of each such corporation and their respective stockholders that Merger Sub be merged with and into CPC as provided herein and in the Agreement of Reorganization, and they have accordingly adopted resolutions approving the Agreement of Reorganization and this Agreement of Merger. The stockholders of CalMat, CPC and Merger Sub have similarly approved the Agreement of Reorganization and this Agreement of Merger.

The parties hereto agree as follows:

ARTICLE I

THE MERGER

1.1 At the Effective Time (as defined in Section 6.1 below), Merger Sub shall be merged with and into CPC, which shall survive and continue to be governed by the laws of the State of California, and the separate corporate existence of Merger Sub shall thereupon cease. CPC, as the surviving corporation, is sometimes referred to herein as the "Surviving Corporation." The Merger shall be pursuant to the provisions of, and with the effect provided in, the General Corporation Law of the State of California.

ARTICLE II

ARTICLES OF INCORPORATION

2.1 At its Effective Time, the Articles of Incorporation of CPC shall be amended and restated to read as set forth in Exhibit A attached hereto.

ARTICLE III

DIRECTORS AND OFFICERS

3.1 At the Effective Time, and until further appropriate corporate action, the following persons shall be the directors and officers of the Surviving Corporation:

<u>Directors</u>		<u>Officers</u>	
William Jenkins	William Jenkins	—	Chairman of the Board and Chief Executive Officer
Michael A. Morphy	Michael A. Morphy	—	Vice Chairman of the Board
A. Frederick Gerstall	A. Frederick Gerstall	—	President and Chief Operating Officer
	Ronald J. Van Thynne	—	Senior Vice President — Administration
	Ronald E. Evans	—	Senior Vice President — California Cement Division
	David S. Cahn	—	Vice President — Regulatory Matters
	Anthony E. Barria	—	Vice President — Engineering and Operations
	Vaughn S. Corley	—	Vice President — Arizona Cement Division
	Wilbur B. Jager	—	Vice President — California Sales
	Donald L. Collins	—	Vice President — Arizona Sales
	M. Donald Ross	—	Vice President — Coal
	John L. Frogge	—	Secretary and Assistant General Counsel
	David C. Lauritzen	—	Treasurer
	William G. Bassett	—	Controller and Assistant Treasurer

ARTICLE IV

MANNER AND BASIS OF CONVERTING SHARES

4.1 Conversion of CPC Common Stock.

At the Effective Time, subject to Section 4.4 hereof, each share of CPC Common Stock then issued and outstanding, and all rights with respect thereto, shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into, and from and after Effective Time shall represent only, one issued and outstanding share of CalMat Common Stock.

4.2 Conversion of Merger Sub Common Stock.

At the Effective Time, each share of Merger Sub Common Stock then issued and outstanding, and all rights with respect thereto, shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into, and from and after the Effective Time shall represent only, one issued and outstanding share of CPC Common Stock. Except to the extent provided to the contrary by applicable California law for any outstanding "dissenting shares" as described in Section 4.4 hereof, such shares shall be the sole outstanding shares of capital stock of the Surviving Corporation.

4.3 CPC Stock Options.

(a) At the Effective Time, by operation of this Agreement of Merger each outstanding and unexpired option (a "CPC Option") under the Key Employee Stock Option Plan of CPC (the "CPC Option Plan") shall automatically, without any action on the part of the holder thereof or on the part of CalMat become and be converted into an option (a "CalMat Option") to purchase a number of shares of CalMat Common Stock equal to the number of shares of CPC Common Stock that are subject to the CPC Option at a price per share equal to the price per share of CPC Common Stock in effect under the CPC Option at the Effective Time.

(b) All CalMat Options created pursuant to this Section 4.3 shall be subject to the same terms and conditions as the CPC Options they replace. The date of grant of the substituted CalMat Option shall be the date on which the corresponding CPC Option was granted. At the Effective Time, all references to CPC in the CPC Options shall be deemed to mean CalMat, and CalMat shall assume all of CPC's obligations with respect to the CPC Options, as so amended.

4.4 Dissenting Shares.

The provisions of Section 4.1 hereof shall not apply to any shares of CPC Common Stock which shall constitute "dissenting shares" within the meaning of Section 1300(b) of the General Corporation Law of the State of California ("Dissenting Shares"), it being intended that any holder of such shares shall have the rights given to him under Chapter 13 of the General Corporation Law of the State of California.

ARTICLE V

RIGHTS AND DUTIES OF SURVIVING CORPORATION

5.1 At the Effective Time and for all purposes the separate existence of Merger Sub shall cease and Merger Sub shall be merged with and into CPC which, as the Surviving Corporation, shall thereupon and thereafter possess all the rights, privileges, immunities, licenses and franchises (whether of a public or private nature) of each of the Constituent Corporations; and all property (real, personal and mixed), all debts due on whatever account, all choses in action, and all and every other interest of or belonging to or due to each of the Constituent Corporations shall continue and be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed; and the title to any real estate, or any interest therein, vested in either of the Constituent Corporations shall not revert or be in any way impaired by reason of such Merger; and the Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the Constituent Corporations; and, to the extent permitted by law, any claim existing, or action or proceeding pending, by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in the place of such corporation. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger. If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurances in law or any things are necessary or desirable to vest the title of any property or rights of the Constituent Corporations in the Surviving Corporation according to the terms hereof, its officers and directors of the Surviving Corporation are empowered to execute and make all such proper assignments and assurances and do all things necessary or proper to vest title in such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement of Merger.

ARTICLE VI

EFFECTIVE TIME

6.1 As used in this Agreement, the term "Effective Time" shall mean the time at which this Agreement of Merger is filed with the Secretary of State of the State of California.

ARTICLE VII

COUNTERPARTS

7.1 This Agreement of Merger may be executed in any number of counterparts, each of which shall be deemed an original; and all of such counterparts together shall constitute one and the same instrument.

In witness whereof, CalMat, California Portland Cement Company and CalMat Merger Sub, Inc. have caused this Agreement of Merger to be signed in their respective corporate names by their respective presidents or vice presidents attested by their respective
secretaries or assistant secretaries, as of the day and year first written above.

CALMAT CO.

By *William J. Irvine*
President

ATTEST:

John E. Grosse
Secretary

CALIFORNIA PORTLAND CEMENT
COMPANY

By *W. H. Yustell*
President

ATTEST:

John E. Grosse
Secretary

CALMAT MERGER SUB, INC.

By *William J. Irvine*
President

ATTEST:

John E. Grosse
Secretary

EXHIBIT A

**RESTATED ARTICLES OF INCORPORATION
OF
CALIFORNIA PORTLAND CEMENT COMPANY**

I

The name of this corporation is CALIFORNIA PORTLAND CEMENT COMPANY.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is fifty million (50,000,000).

IV

The existence of this corporation shall continue perpetually.

V

This corporation elects to be governed by all the provisions of the General Corporation Law of California (as enacted by Chapter 682 of the 1975 Statutes and as subsequently amended) not otherwise applicable to it under Chapter 23 of said Law.

CALIFORNIA PORTLAND CEMENT COMPANY
Officers' Certificate

The undersigned, A. Frederick Gerstell and John L. Frogge, hereby certify that they are the duly elected and presently incumbent President and Secretary, respectively, of California Portland Cement Company, a California corporation (the "Company"), and hereby further certify as follows:

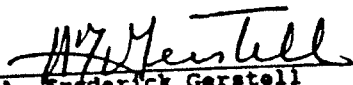
1. The total number of shares of Common Stock of the Company entitled to vote on the Merger contemplated by the foregoing Agreement of Merger is 8,449,770.

2. The Common Stock of the Company is the only class of shares entitled to vote on the Merger.

3. The principal terms of the Agreement were approved by the Company by the affirmative vote of a majority of the outstanding shares of Common Stock of the Company, and such majority vote was required for such approval.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: June 27, 1984
In Los Angeles, California


A. Frederick Gerstell
President


John L. Frogge
Secretary

CALMAT MERGER SUB, INC.
Officers' Certificate

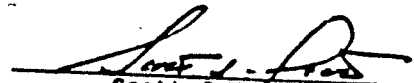
The undersigned, William Jenkins and Scott J Wilcott, hereby certify that they are the duly elected and presently incumbent President and Secretary, respectively, of CalMat Merger Sub, Inc. (the "Company"), a California corporation and wholly-owned subsidiary of CalMat Co., a Delaware corporation ("CalMat"), and hereby further certify as follows:

1. The total number of shares of Common Stock of the Company entitled to vote on the Merger contemplated by the foregoing Agreement of Merger is 10,000,000.
2. The Common Stock of the Company is the only class of shares entitled to vote on the Merger.
3. The principal terms of the Agreement of Merger were approved by the Company by the affirmative vote of all of the outstanding shares of Common Stock of the Company.
4. The required vote of the shareholders of CalMat to approve the merger was obtained.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: June 27, 1984
In Los Angeles, California


William Jenkins
President


Scott J Wilcott
Secretary

87-2023459

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHER
WISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

NAME CalMat Land Co.
 Address 3200 San Fernando Road
 City & State Los Angeles, CA 90065
 Zip Attention: Legal

Title Order No.

Enrow No.

RECORDED IN OFFICIAL RECORDS
 RECORDER'S OFFICE
 LOS ANGELES COUNTY
 CALIFORNIA

31 MIN. 9 AM. DEC 23 1987
 PAST.

FEE \$7

C

2

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

The undersigned declares that the documentary transfer tax is \$ 0.00

- ☐ computed on the full value of the interest or property conveyed, or in
☐ computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale. The land,
 tenements or realty is located in
☐ unincorporated area ☒ city of Los Angeles and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

CALIFORNIA PORTLAND CEMENT COMPANY

a corporation organized under the laws of the State of California
hereby GRANT(S) to

CalMat Land Co., a California corporation

the following described real property in the city of Los Angeles
County of Los Angeles, State of California:

SEE ATTACHED EXHIBIT "A"

This is a transfer among members of an affiliated group, exempt from
 reassessment under Revenue and Taxation Code 564(b), and exempt from
 documentary transfer tax under Revenue and Taxation Code 511923(d).
 CalMat Land Co. and California Portland Cement Company are both
 wholly owned subsidiaries of CalMat Co., a Delaware corporation.

APN 2408-036-001; 2538-010-002,006; 2538-022-020

Dated, December 18, 1987

STATE OF CALIFORNIA

COUNTY OF Los Angeles

SS

On this day of December 19 87
 before me, the undersigned, a Notary Public in and for said County and
 State, personally appeared John Mills

personally known to me or proved to me on the basis of satisfactory
 evidence to be the Vice President, and

Scott Wilcott personally known to me or
 proved to me on the basis of satisfactory evidence to be

Secretary of the corporation that executed the within instrument, per-
 sonally known to me or proved to me on the basis of satisfactory
 evidence to be the persons who executed the within instrument on
 behalf of the corporation therein named, and acknowledged to me that
 such corporation executed the within instrument pursuant to its by laws
 or a resolution of its board of directors

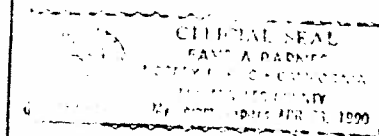
John A. Barnes
 Signature of Notary

CALIFORNIA PORTLAND CEMENT COMPANY

BY *[Signature]*
 Vice President

BY *[Signature]*
 Secretary

FOR NOTARY SEAL OR STAMP



MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE, IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE
 CalMat Land Co., Real Estate Property Manager, 3200 San Fernando Rd, L.A., CA
 Name Street Address City & State 90065

CAL 2 (Rev 9-83)

EXHIBIT "A"

PARCEL 1

Tract No 9329 (ex of st) Lot 6.

PARCEL 2

Tract No 9329 Lot 9.

PARCEL 3

(Ex of sts) Lots 12 and 24 Blk 18 Los Angeles Land and Water Cos
sub of a part of MacLay Rancho and (ex of sts) Lots 8 and 10
Tract No 9329.

PARCEL 4

*Tr=10627*Lot com at intersection of N line of P M 81-37-39 with
E line of Lot 15 th N on SD E line to most N cor of SD lot th W
at R/A to E line of Tujunga Ave (vac) 30 ft th S on c/l of SD
vac S to SW prolongation of SD N line th NE thereon to beg por
of vac st and por of Lot 15.

*h
k*